

The Business Man's Encyclopedia

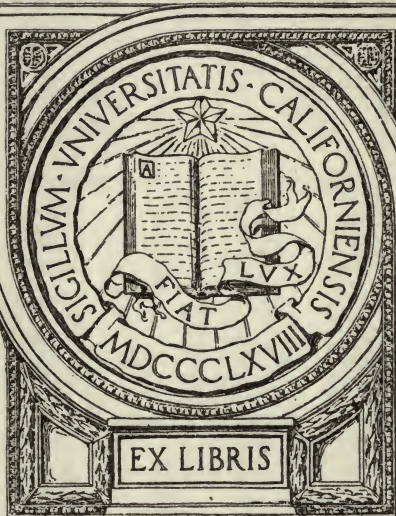
Volume 1

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THE BUSINESS MAN'S ENCYCLOPEDIA

A Hip-Pocket Business Counsellor—A Pigeon-Hole Legal
Adviser—An Office Hard-Nut Cracker—A Commercial
Britannica—A Business Man's Guide Book,
Combined Into Two Volumes—As full
of facts and useful information as
a plum pudding is of plums

COMPILED BY 27 EXPERTS

Who have worried about as you have worried about—worked
over as you have worked over—solved as you want
to solve—the vexatious business questions
and legal points these two little
volumes so readily answer

—

Chas. H. Wood

THE SYSTEM COMPANY
CHICAGO

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ANN ARBOR, MICH.

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The Business Man's Encyclopedia

BOOK I

BUSINESS LAW

An eminent lawyer has said that it is astonishing within how small a space all the principles of commercial law can be compacted. These laws are generally clear and non-technical, being the actual practice of the business community, expressed in rules and maxims, and invested with the authority of law.

CONTRACTS

The most important subject embraced in the division, "Commercial Law," is that of Contracts, nearly every act common to business being some form or modification of a contract.

A contract is a deliberate agreement between competent persons upon a legal consideration, to do or abstain from doing a particular thing.

Competency and Incompetency.—The common rule is that any person of legal age and of a sane mind may enter into a binding contract if he does so voluntarily and freely. Common law and most statute laws fix a person's age at 21, but in a few of the states a female becomes of age at 18 or when married. Of the many conditions of incompetency or disability rendering persons incapable of making binding contracts, the following are the ones generally accepted: (1) Minority; (2) insanity; (3) idiocy; (4) alien belligerency; (5) duress; (6) drunkenness to an extent that the ordinary faculties are not in operation.

The contracts of minors are not absolutely void, but voidable, if they choose, although an infant may bind an adult to a contract. The party making a contract with a minor is bound, if he himself is competent, and cannot rescind it without the minor's consent. It is optional with the infant, only, or his representatives, to avoid the contract. For example, a minor may affirm or rescind a contract made before his majority, within a reasonable time after becoming of age. Even when a contract has been executed, an infant may disaffirm it, as in the case of a sale of an article, he may reclaim it by tendering the purchase price. However, if minors are without parents or guardian, they may be held for all contracts for necessities of life, and some authorities contend that they may be held for all contracts. Necessities of life are generally construed to mean clothing, food, shelter, medical services and an ordinary education as determined by the minor's actual condition.

Proposition and Acceptance.—A proposition is a mere offer made to one person by another, and may be either oral or written. An acceptance is an assent to the offer made and completes the bargain. There can be no agreement without a proposition and an acceptance, this being legally known as "a meeting of the minds," an essential to every contract. When a proposition is made orally, in order to be binding the acceptance must be immediate or within such a time as the parties had in contemplation, unless a definite period of time in which to accept or reject is stipulated, but such proposition may be withdrawn before the expiration of the stipulated period if not accepted beforehand. If the acceptance is to be written the proposition is accepted as soon as the letter is placed in the mail or telegram is left with the telegraph company.

Necessary Elements.—Every contract must contain the five following essential elements in order to be binding: (1) Parties thereto must be competent to contract; (2) there must be consideration expressed or implied; (3) a certain thing to be done or not to be done must constitute the subject matter; (4) mutual assent

must be present; (5) there must exist an agreed period for the performance of the contract.

Classification and Kinds of Contracts.—The majority of contracts are included in the class *parol contracts*, or those not made under seal, as opposed to *specialties*, or those contracts, as mortgages, bonds, leases, etc., made under seal. A contract under seal is one that has a seal in connection with the signature, which seal may be a small wafer or scroll, or an imitation thereof, printed or made with the pen. A specialty contract needs no consideration either expressed or implied, as neither party can deny the facts concerning the contract. However, the seal is gradually going out of use, the law not now attaching the same degree of importance to its use as formerly.

There are eight kinds of simple contracts, given and defined as following: *Expressed contracts* are those positively stating the terms of agreement. *Implied contracts* are those the terms and conditions of which are not all either oral or written, and which in case of dispute, the law will interpret, basing its decision upon the probable intention of the parties. When the consideration is implied, the law grants what is just and reasonable. *Executed contracts* are those the stipulations of which have already been complied with. *Executory contracts* are those which are to be performed at some future date. *Oral contracts* are those made by means of spoken words in contradistinction to contracts in writing. *Written contracts* are those the conditions, terms, and other essentials of which are in writing. *Joint contracts* are those in which all the parties are jointly bound to support the terms and conditions stipulated. *Several contracts* are those binding each party to the performance of the whole obligation.

Statute of Frauds.—This statute, enacted in England in 1677 and re-enacted in part or in whole with various modifications in all the United States, states that all contracts must be in writing when, having any of the following conditions: (1) For the sale of any interest in lands; (2) leases of land, except in certain cases, for one year or more; (3) if not by their own terms to be performed within one year; (4) if made upon consid-

eration of marriage, except mutual promises to marry; (5) to answer for the debt, default or miscarriage of another; (6) for the sale of goods, chattels or things in action for the sum of \$50 or more (amount differs in different states), unless the purchaser receives a part of the thing or pays part of the purchase price, or the sale be by auction.

Besides *lawful contracts*, or those made in good faith by competent parties which the law will enforce, there are various other contracts not lawful and hence not to be enforced. *Unlawful contracts* are those in violation of the law where made and are void everywhere. *Illegal contracts* are those contrary to the acts of government. A contract to obstruct a lawful business would come in this class. *Fraudulent contracts* are those operating as an injury to or a fraud on a third person. Transfer of property before making an assignment to creditors comes under this head. *Immoral contracts* embrace those opposed to the moral welfare of a community, as a contract to commit adultery, or desecrate the Sabbath, etc. The law will not rescind nor enforce an executory contract of this nature.

Interpretation and Construction.—In construing contracts, the intention of the parties must govern; words are to be taken in their natural and obvious sense; when the intention is doubtful the context may be resorted to to explain ambiguous terms; the whole of the instrument is to be viewed and compared in all its parts, so that every part of it may be made consistent and effectual. Where the language of an agreement is plain and unequivocal, there is no room for construction, and it must be carried into effect according to its plain meaning. Ambiguities in deeds or other instruments are generally interpreted against the grantor, or contractor.

Performance.—A person who undertakes to perform a piece of work by special contract, must perform his contract before he is entitled to his pay. If a person is hired for six months, or other definite time, and leaves before the end of it, without reasonable cause, he loses his right to wages for the period he has served. But

if he is dismissed without cause he can recover for the whole term—at its expiration. It is no sufficient cause for abandoning one's contract, that he was put upon work not contemplated at the time the contract was made, but if he is prevented by sickness from laboring during the stipulated period, he may recover for his services as much as his services were worth, for the time he labored.

Specific Performance.—The law side of the court cannot enforce the specific performance of a contract. It can only allow damages for the failure to perform, or for breach. On the equity side of the court, certain contracts may be enforced specifically. They most commonly relate to the sale of real property.

Rescinding.—In general, a contract cannot be rescinded, unless by consent of both parties, except in case of fraud. A party having a right to rescind a contract, must exercise the right within a reasonable time.

Where parties agree to rescind a sale once made and perfected without fraud, the same formalities of delivery, etc., are necessary to revest the property in the original vendor, which were necessary to pass it from him to the vendee. A contract required by law to be in writing cannot be dissolved by verbal agreement.

Damages.—Each party to a contract is legally bound to perform his part or pay damages to the extent of loss sustained. While it is not possible in exceptional cases for the law to compel a specific performance of a contract, it does require a money payment to the extent of injury incurred, in lieu of non-performance.

SALE OF PERSONAL PROPERTY

Contracts of Sale.—This is governed by the same principles of law as other contracts.

Sale.—A sale is the transfer of the title in the thing sold from the vendor to the vendee in consideration of a certain money price. It assumes absolute immediate transfer. The elements that are essential to a valid sale are: (1) The thing or subject matter of the sale; (2) the price; (3) the mutual consent of the parties who have the ability to contract.

Subject Matter.—That which is to be sold must have either an actual or potential existence and must be capable of delivery, though it may not come into existence until after the date of sale. The subject of a sale must be legal to be valid.

Price.—Price is the consideration given by the purchaser in exchange for his property inducing the seller to part with the ownership. To constitute a sale the price in money, or its equivalent, must be a definite and certain sum or be capable of determination, as the "market price." The general rule is that the parties can agree upon any price they choose.

Consent of the Parties.—Without a mutual consent of both parties to the terms of the contract there can be no sale. A mistake in regard to price, identity of goods, or the like, will destroy the sale.

Mode of Making Contract.—At common law no formality is necessary to the making of a sale. The seller and the buyer agree upon the price, which the buyer pays, the seller thereupon delivering the goods, thus completing the sale. A binding contract to sell for, and to pay, a certain price, however large, was good at common law, and remains good now, in all cases where the price is not large enough to bring the contract within the statute of frauds. See *Statute of Frauds*, (6) under *Contracts*.

Transit of Goods.—When the purchaser lives remote from the seller the goods should be sent as the buyer directs. No directions for shipment being given, seller ships by the customary route. Ordinary care protects the buyer from loss sustained in the transit.

Stoppage Goods on the Way to Purchaser.—The seller of goods, under certain conditions, has a right to stop goods that are in a carrier's hands and on the way to the buyer at some distant point. This is termed *stoppage in transit*.

Defects.—Should there be any defects in the property or animals, which can be seen, that does not relieve the buyer from meeting his obligations, though he claims not to have seen the defects. But if the defects can not be seen and the seller recommends the

property as good or sound, the buyer is relieved from filling his part of the contract.

Warranty.—If the seller of goods makes any assertion respecting the kind, quality, or condition of the article upon which he intends the purchaser should rely as a fact, and upon which he does rely, that is a warranty. Where goods are sold by sample there is an implied warranty that the goods correspond with the sample.

It is a general rule that the employer will be bound by the warranty of his clerk or shopman, if acting within the scope of his authority.

Warranty must be at the time of sale; if it be made after, it is void for want of consideration.

Fraud on Part of the Buyer.—If the buyer has been guilty of such fraud as entitles the seller to rescind the sale; or if the buyer is actually insolvent; or if he has misrepresented his condition or made false pretenses in buying; or if he be so embarrassed that in reasonable probability he cannot pay for the goods, the seller has a right to stop them in transit.

If the goods were sent to pay a debt of the seller's they cannot be stopped.

Sales at Auction.—A public sale of property to the highest bidder is an auction sale and must be so conducted that free and fair competition may be had. By-bidding and combination bidding is unlawful and renders the sale voidable at the option of an honest buyer.

Sale of "Good-Will."—By *good-will* is meant a man's *business* or the business of a firm as distinguished from the stock in trade or capital. It is the reputation which a firm acquires by their business methods. A purchaser of a business including the good-will should insist upon a contract specifying the amount he shall receive as damages should the seller become interested in a competing business.

TORTS

The word *tort* is used to describe that branch of the law which treats of the redress of injuries, which are neither crimes nor arise from the breach of contracts.

This branch of the law is of growing interest to the business man because of the frequent institution of suits by employes for damages incurred in service.

Doctrines of Ordinary Prudence.—Ordinary prudence is generally that course of conduct which prudent persons take for the safety and protection of their own persons from an injury which is liable to occur to them in the place and under the circumstances which surround them. This is opposed to *negligence* which must be shown by the plaintiff in an action for damages.

Liability of Employer.—A master owes to his servant certain inalienable non-assignable duties peculiar to that relationship, based in general upon the duty not to expose him to unnecessary or unreasonable risks. The servant has a right to assume that his employer has performed these duties. They consist in the exercise of reasonable care with reference to (1) providing and maintaining suitable appliances, machinery, and places to work; (2) providing proper fellow servants in sufficient number; (3) making and promulgating rules for the regulation of servants and giving warning and instruction especially to youthful and inexperienced employes with reference to danger; (4) inspecting appliances, machinery, and places to work, supervising fellow servants, and securing the observance of rules. However, a master is liable only for failure to exercise reasonable care in the performance of his duties to his servant. He is not an insurer.

Ordinary and Extraordinary Risks.—The law assumes that a servant possesses ordinary knowledge of and will exercise ordinary prudence in the occupation which he undertakes and, excluding the negligence of fellow servants, assumes the ordinary risks of his employment. If the risks of an employment are extraordinary and are knowingly assumed by the servant, he cannot recover from his employer.

Strikes and Boycotts.—Webster's Imperial Dictionary defines a strike as, "The act of workers in any branch of industry discontinuing work with the object of inducing their employer to concede certain demands made by them; sometimes marked by violence on the part of those striking or their sympathizers, or by active

attempts to injure the business of the employer, as by boycott, intimidation, and the picketing of the employer's place of business to prevent the employment of other help, and to dissuade those employed from remaining at work." In order to come within the law of torts and be actionable as such, strikes and boycotts must have as essential elements (1) A combination of persons to do harm to another; (2) malicious intent; (3) damage to complainant. The common-law right of laborers to combine and use peaceful means to advance their interests, and, more specifically, the price of labor, has been generally broadened by statute. When such a statute extends the common-law rights as to combinations of labor, the courts recognize corresponding changes in the rights of employers to combine to resist employees. Employers' unions, formed in opposition to employees' unions are lawful, not being made to lower the price of labor. As regards the act of strikers leaving in a body, such is held to be a combination in itself wrongful and illegal. The intent to injure another without lawful provocation must, however, be clearly shown.

Legal authorities are not in accord as to what constitutes a (legal) voluntary association and an (illegal) boycott. The rule having most ample support, is that while a trader may lawfully engage in the sharpest competition with those in a like business by holding out extraordinary inducements, by representing his own wares to be better and cheaper than those of others, yet when he oversteps that line, and commits an act with the malicious intent of inflicting injury upon his rival's business, his conduct is illegal, and if damage results from it, the injured party is liable to redress.

COMMERCIAL PAPER

Negotiable Instruments.—Practically every written contract or agreement involving the payment of money is negotiable in the sense that the owner can sell it to another and that the purchaser can enforce it to the same extent that the original owner could if he had not assigned it. Bonds and mortgages, contracts for sales, leases, etc., would be negotiable, but in the strictest

sense there are but three forms of negotiable commercial paper in common use—checks, promissory notes, and bills of exchange or drafts.

Form.—While there is no regular prescribed form for these instruments, there are certain orderly forms which are usually followed and there are certain prerequisites without which they are non-negotiable instruments: (1) They must be in writing (ink, pencil, or type impressions), and signed by the maker or drawer; (2) they usually state the place and date of making; (3) they must be payable on demand, at a fixed time, a determinable future time or at a time certain to occur; (4) the promise to pay must be unconditional and “to order” or “to bearer,” and in money; (5) a place of payment is usual, if not stated, the place or business or residence of the maker or the acceptor or drawee is assumed; (6) they must not show any alterations—erasures or additions—on their face; (7) they must not carry on their face any information that would lead a prudent man to inquire further as to their validity; (8) the time of payment expressed in the instrument must not have passed.

Consideration.—It is not positively necessary to express consideration in negotiable papers, but it is best to do so. In the hands of an innocent holder the law assumes that there was a valuable consideration.

Promissory Notes.—A promissory note is a written promise to pay a certain sum of money at a specified time. There are three kinds, *individual promissory notes*, or those made by one party to pay another a certain sum of money at a specified time; *joint promissory notes*, the same as the foregoing, only signed by two or more parties, in which case all are liable jointly but not severally; *joint and several promissory notes*, in which two or more parties severally and separately agree to pay a certain sum at a specified time. Each signer of such note is responsible for the whole payment.

Negotiability.—A paper is made negotiable by the words “or bearer,” or “or order.” In the former case endorsement is not necessary or customary except in

the case of forwarding banks; in the latter case it is negotiable only by the endorsement of the payee.

Holder for Value.—Negotiable paper passing into the hands of an innocent holder for fair and full consideration and in good faith carries with it a good title, providing (1) The instrument is negotiable; (2) was obtained in good faith and for a valuable consideration before maturity; (3) the purchaser must not be aware of any legal or equitable defense.

Parties to Negotiable Instruments.—The rule governing the capacity of a party to incur liability on commercial paper is the same as that holding good regarding contracts.

Protests.—A protest of a note is a formal statement by a notary that the paper was presented for payment and payment refused. When a note is not duly paid on presentation, it is said to be “dishonored” and is taken to a *notary public*, who again presents it, and, if not paid, he notes its non-payment, and afterwards draws up a formal protest, that legal proceedings may be taken for recovering the amount due. Should there be indorsers and no protest is made, the indorsers in some states are released.

The holder of a note may give notice of protest either to all the previous indorsers or only to one of them; in the latter case he must select the last indorser, and the last must give notice to the last before him, and so on.

Where notice of protest is duly addressed and deposited in the postoffice, the sender is deemed to have given due notice, notwithstanding any miscarriage in the mails.

Where days of grace are allowed by statute on notes, they are not considered due until the expiration of the days of grace. If a note is presented and payment demanded on the last day of grace, and payment refused, the maker is in default, and notice of dishonor may forthwith be given to the indorser. For days of grace allowed by the statutes of different states, see *Interest Laws and Statutes of Limitation*.

A note made payable at a bank and held there for payment until the usual hour for closing, need not be

presented to the maker in person to bind the indorser. It may be protested, as in the case of drafts, immediately on the close of bank hours. Payment must be immediately demanded of the indorser if he resides in the same place; if he is a non-resident he must be notified at once by letter.

Presentment Not Necessary to Render Maker Liable.—Presentment for payment is not required in order to charge the maker of a note.

Sundays and Holidays.—When the day of maturity falls upon Sunday or a legal holiday the note is payable on the next succeeding business day.

By Whom Demand May Be Made.—The holder of a note or any one acting for him may make the demand for payment and send notice of dishonor to the indorsers. Usually the holder or his agent notifies all the parties on the note. This is the most business-like, as well as the most prudent way, as it renders all parties responsible to him, and each responsible to each other in their order. Extending time of payment by the holder releases the indorsers of the note, unless consent to such extension has been given by the indorsers.

The finder of a note, as of all other property, must make reasonable efforts to find the owner, before he is entitled to appropriate it for his own purposes. If the finder conceal it, he is liable to the charge of larceny or theft.

Interest.—A note which does not state on its face that it bears interest, will bear interest only from maturity. If the words "with interest" are included in a note it draws the legal rate of interest from the date of making, but if the note is to draw a rate of interest higher than the legal, but not higher than the statute of the state allows, the rate of interest must be specified.

Death of a Holder.—After the death of a holder of a negotiable note, his executor or administrator may transfer it by his indorsement.

When Right of Action Expires.—The statute of limitations begins to run from the day the right of action accrues. See *Interest Laws and Statutes of Limitation*.

Checks.—A written order on a bank directing a certain amount of money to be paid to a person named, or to his order, or to him "or bearer," or simply to "bearer," is called a check. This is the simplest form of negotiable paper and requires no set form of wording; any intelligibly written demand, dated, made by a depositor, correctly signed, is a check and will draw the money.

Forged Checks.—A bank pays every check at its own risk, and in case of the payment of a forged check, must stand the loss.

Certified Check.—A check is said to be "certified" when it bears the signature of the cashier or other competent officer, together with the word "certified," thus signifying that the bank guarantees the check. The amount for which it is drawn is immediately deducted from the drawer's account.

"With Exchange."—Checks drawn with the words "with exchange" after the amount in writing are usually cashed without extra charge by the bank at which presented, the cost of collection being paid by the drawer. Banks usually discourage the use of these checks.

Kinds of Indorsement.—Following are the various kinds of indorsement: An *indorsement in blank* names no indorser, and is payable to bearer. A *special indorsement* specifies the party whose indorsement is essential to the negotiability of the instrument. A *restrictive indorsement* is one designating one party and no other to whom the paper shall be paid, or one use to which it shall be put, as "Pay A only," or "For deposit only in the Citizens' National Bank." A *qualified indorsement* is one including the words "without recourse," or its equivalent, so limiting the usual liability of the indorser. A *conditional indorsement* is one directing payment contingent upon a certain occurrence.

Kinds of Drafts.—A *sight draft* is one drawn by one person on another and payable when presented or at sight. *Time drafts* are similar to sight drafts, but are drawn payable a certain number of days after presentation and require acceptance by the party against whom they are drawn. Such draft must be accepted by the drawee who signs his name across the face, accom-

panied by the word "accepted," thus making it the same to all intents and purposes as a promissory note. It matures so many days after acceptance, not after the date on which it is drawn. A bank draft is the order of one bank to pay a certain person a given sum, and is the most convenient method of transferring money.

PARTNERSHIP

Nature and Formation.—A partnership is the contract relation subsisting between persons who have combined their property, labor or skill in a lawful enterprise or business for their common profit. The partners make up the firm which is commonly held to be an entity the same as a corporation, though the law generally regards the partners as joint owners of the firm property.

Kinds of Partnership.—A *general partnership* is one in which the parties thereto agree to enter into a specified business, no limitations or conditions being fixed. A *special* or *limited partnership* is one in which there may be general partners with unlimited liability and special partners whose liability is limited upon the compliance with certain requirements.

Kinds of Partners.—An *ostensible partner* is one who is known to the world as such. A *secret partner* is one who is not openly or generally so declared. He is not liable for debts contracted after his retirement, although he has given no notice of the same. A *dormant* or *silent partner* is one who takes no part in the transaction or control of the business, but shares in the profits and losses according to certain agreements. A *nominal partner* is held out to the world as such without actually participating in the profits and losses of the business.

Formation of Partnerships.—All persons who are legally competent to do business for themselves may enter into partnership which may be formed by a mere verbal agreement and stand in law, but a written agreement is the one to be preferred. The parties may agree as they please as to sharing profits or losses, but in the absence of writing to prove the contrary the law

will assume that partners share profits and losses equally. The articles of agreement should be drawn up with special care in writing the details of conditions, liabilities and proportionate share of profits or loss fully stated.

How Soon a Partnership is in Force.—It is presumed that a partnership commenced at the time the articles of copartnership are drawn unless otherwise stated.

Use of Name in Partnership.—When a partner withdraws from a firm, but allows his name to be used as before, or if one lends his name to a firm, in either case he is held responsible to third persons as a partner.

Suing Partners.—It is generally supposed that one partner cannot sue another. This is not wholly true. A partner can sue for a balance due him after settlement of general accounts or for a balance *due* him on some specific account. It is, however, best to appeal to a court of equity, for that court can do for partnership what the law cannot do.

DISSOLUTION OF PARTNERSHIP.

A partnership may be dissolved by mutual consent, by expiration of predetermined time, by death of one of the partners, by insanity, by the bankruptcy of either partner, or by the court for any good cause, such as dishonesty of one partner against the rest, or incapacity caused by habitual drunkenness or conviction of any crime. A partner may withdraw at any time if no time for the continuation of the partnership is mentioned in the articles of agreement, but he must give due notice of his intention to the other partners. If the time for the continuance of the partnership is mentioned, a partner can nevertheless withdraw at any time, but he is responsible to the firm for damages caused by the breach of his promise. If a partner dies the surviving partners alone have the right to settle up the business. To his heirs and legal representatives they need only to render an account of the business.

Notice to be Given.—Upon the dissolution of a partnership by mutual consent it should be indorsed on the articles of copartnership and a notice given in some

prominent newspaper. Special notice should also be sent to each one of the creditors of the firm.

Authority of Partners.—As a general rule the whole firm and each member of it is bound by the acts and contracts of one partner, because in law the act or contract of one is regarded as the act of all. Each is regarded as the agent of all without any express authority being given. Thus, loans, purchases, sales, assignments, pledges, or mortgages effected by one partner on the partnership account, and with good faith in the third party, are binding on all the firm. So is also release by one a release; notice to one is notice to all; demand of one is demand of all. In matters, however, not connected with the partnership, but intended for his own personal interests, the firm is not bound.

Liability of the Several Partners.—For the payment of partnership debts the property of the firm, both real and personal, as also that of each individual partner, is held responsible for amount of the unpaid partnership debt.

Individual Debts of Partners.—A partner having individual debts makes the firm liable for such debts for his interest in the firm after the firm debts are deducted, the firm liabilities always having precedence.

Liabilities of a New Partner.—A new partner entering a firm cannot be held for firm debts contracted previous to his admission.

Sale of Partner's Interest.—An assignment of interest by one partner must be assented to by the other partner or partners.

BANKS AND BANKING

A bank is an institution organized for the purpose of receiving deposits of money, making loans, discounting paper, making collections, and effecting the transmission of money from one place to another.

Different Classes of Banks.—Banks are divided generally to five classes: Banks of deposit, of discount, of circulation, of exchange, and savings banks. *Banks of deposit* receive money to keep for the depositor until

he draws it out, by checks payable to himself or to others. *Banks of discount* are occupied in discounting promissory notes and bills of exchange, or in lending money on security. *Banks of circulation* issue bills or notes of their own, intended to be the circulating currency or medium of exchange, instead of gold and silver. The notes or bills of national banks are guaranteed by the government, which holds as security bonds belonging to the bank to a still larger amount than their issue of bills, or, as commonly termed, their "circulation." The government also retains a five per cent fund for immediate redemption. *Banks of exchange* receive money on deposit, and, instead of paying it back to the depositors, make payments by drafts on other banks. They keep money on deposit at the principal trade centers; thus money can be sent to different points at small expense and without risk. They charge one who desires to remit, a small amount for their services, and sell him their draft on the place to which the remittance is to be sent. *Savings banks* make a specialty of receiving for deposit relatively small sums of money, paying a small rate of interest thereon.

A bank may combine two or more functions of banks described above, being at the same time a bank of deposit and discount, etc. Savings banks are usually a department of a bank of circulation or exchange.

PRIVATE BANKS.

Organization.—Private banks are organized in the same manner as ordinary partnerships. They may belong to an individual or a firm.

Functions.—The business of private banks varies in different localities. In many cases they possess the principal functions of national banks; in other cases their attention is directed only to special features of banking such as the buying and selling of foreign exchange, stocks and bonds, etc.

Protection to Creditors.—In a few states private banks are restricted in their operations by statute, in which case they are subject to the inspection of state

officials, but usually their operations are regulated and restricted only by the common laws of business.

STATE BANKS.

How Organized.—State banks are organized under the laws of the state in which they are located, the preliminary steps being much the same as those in organizing national banks.

Circulating Notes.—Prior to July 1, 1866, state banks issued notes which circulated as money, but on that date the government imposed a tax of 10 per cent on the circulation of all state banks, which had the effect of withdrawing the circulation, as the rate was too high to allow any profit to the banks.

Difference Between State and National Banks.—National banks are organized under the National Bank Act, are under the supervision of the general government and alone issue circulating notes, while state banks are organized under the laws of the various states, are subject to the state statutes, and do not issue circulating notes. The advantages claimed by state over national banks is that they are not restricted so closely in their business methods as national banks.

NATIONAL BANKS.

A national bank is a bank organized under an act passed by Congress, entitled "The National Bank Act," and in addition to doing a general banking business, it has authority to issue circulating notes against bonds deposited with the Treasurer of the United States. The government does not own nor control the bank, but only authorizes its creation and prescribes the mode of doing business. Every banking association doing business under this act is governed by the same principles, is subject to the same inspection, uses the same forms in making reports to the comptroller at Washington, and is liable to the same penalties for the violation of any requirement of the national banking law.

Powers.—National banks have power to adopt and use a corporate seal; to have succession for a period of twenty years; to make contracts; to sue and be

sued; to elect directors, and by its board of directors to elect officers; to make all needful by-laws not in consistent with the national bank act; to discount and negotiate notes, drafts, bills of exchange, etc.; to receive deposits, buy and sell exchange, coin and bullion; to loan money on personal security; and to issue and circulate its own notes.

Stockholder's Liability.—The liability of each stockholder of a national bank is to the par value of stock owned, in addition to the amount invested in such stock.

Real Estate.—National banks are prohibited from holding real estate other than the buildings in which they do business and land mortgaged to secure a loan which was made in good faith upon personal security.

Reserve.—National banks are required to keep on hand at all times a lawful money reserve equaling 25 per cent of the deposits if in a large city, and 15 per cent of the deposits, if located in a small city.

Overcertifying Checks.—National banks are prohibited under severe penalty from certifying a check in excess of a depositor's account.

Surplus.—Each national bank shall accumulate a surplus by setting apart one-tenth of its net profits before declaring any dividend, until the surplus equals 20 per cent of the capital stock.

Reports to Comptroller.—Banks must make at least five reports to the comptroller during the year.

LOAN AND TRUST COMPANIES.

How Organized.—Loan and trust companies are organized by a number of persons, usually ten or more, under the laws of the various states.

Kinds of Business Transacted.—These companies usually receive deposits and make loans, but as a rule they do not undertake the collection of commercial paper. They act as agents for corporations in transferring stocks and bonds, make investments, collect interest, act as trustees, receivers, executors, administrators, etc. Many companies have boxes in fire and burglar proof safes which they rent to customers desiring

a safe place for the keeping of valuable papers, etc.; others make a business of examining and insuring titles to real estate.

Clearing Houses.—A clearing house is the place where the representatives of certain banks, associated for the purpose, meet, and, under the supervision of a committee or officers selected by the members, settle their accounts with one another and make and receive payment of balances.

Each bank in its daily dealings receives many bills of other banks, and checks drawn on them, so that at the close of the day's business every bank has in its drawers various sums due to it by other banks. It is, in like manner, the debtor of other banks which have received its bills and checks. These sums due by and to the banks among themselves are at the clearing house set off against each other and the balances paid or received.

AGENCY

Agency is the relation existing between two or more persons, arising out of a contract giving authority to one to represent the other in business transactions. A person who so represents another is called an "agent;" the one whom he represents is known as the "principal."

How Created.—The contract which creates the agency may be a formal writing under seal, as a power of attorney, or it may be a written agreement, or a letter of instructions, or a verbal agreement or appointment, or it may be implied from facts and circumstances.

Who May Act as Principal or Agent.—Any one who is competent to do business for himself may act as principal, and appoint an agent to transact it for him. Persons who cannot do business for themselves may, however, be appointed to act as agents. Therefore minors and married women may act as agents.

Extent of Authority.—The employing of an agent is the act which gives him his authority. An agent

has authority to do whatever is necessary or generally done in connection with the purposes for which he is employed.

Kinds of Agency.—There are several kinds of agency, the first division of which is into *special* and *general*; second, *limited* and *unlimited*; third, *factor* and *broker*. A *special agency* is an agency to do a single act. A *general agency* is one in which the agent is delegated authority to do anything about a particular business. *Limited agency* is one in which the agent is bound by particular instructions, and applies to a general agent, restricting his authority. *Unlimited agency* is the power of a special agent, giving him authority to use any means he may find necessary to accomplish the thing to be done. A *factor* is one who has the property of his principal in his own possession for sale, and is commonly termed a commission merchant. A *broker* is one employed to negotiate sales between the buyer and the seller. He does not have possession of the goods or property which he negotiates, nor has he any authority to sell in his own name.

Liability of Principal.—The principal is responsible for the acts of his agent committed in the execution of the agency and which are within the real or apparent scope of the principal's business. A distinction is here made between a special and a general agent. If a special agent exceeds or disobeys his instructions the principal is not liable; but if a general agent exceeds his authority the principal will be bound, if the act is within the apparent scope of an agent's authority, when it is such an act as is natural and usual in transacting business of that kind. By appointing him to do that business, the principal is considered as saying to the world that his agent has all the authority necessary to transact it in the usual way. For any criminal act, however, of the agent, the principal is not responsible unless he directly commands him to commit it.

Wrongful Acts of Agents.—In case of wrongs and injuries (*torts*), the general rule is that the principal is liable to third persons for the wrongful acts of the agent when acting within the scope of his agency. But

this does not relieve the agent of personal liability himself.

The Agent's Liability.—(1) *To his Principal.* An agent is bound in transacting the affairs of his principal to exercise all the care which a reasonable man would exercise in his own, and to the utmost good faith. For any loss to the principal through neglect or unfaithfulness, the agent is liable to him. (2) *To the Third Party.* If an agent conceals his character as an agent, or transcends his authority, or otherwise so conducts himself as to make his principal responsible, or if he expressly binds himself in any way, he is himself liable to the third party.

Accounting.—The principal may call his agent to an account at any time, and may recover full indemnity for all injuries sustained by reason of the positive misconduct or negligence of the agent, or by his transcending his authority. An agent is not liable to his principal for not accounting until demand, which demand should be made at his residence, and sufficient opportunity given him for payment.

Compensation.—As against the principal, an agent is entitled to compensation for his services, and reimbursement for the expenses of his agency, and for personal loss or damage in properly transacting the business thereof.

Sub-Agents.—An agent may himself appoint another agent and act through him. Such a person is called a sub-agent, and is responsible to him who has appointed him, as his principal. In most commercial transactions sub-agents may be employed.

Mixing Property.—If an agent mixes his own property with that of his principal, so that it cannot be identified, it will all belong to the principal.

Responsibility to Third Party.—Ordinarily a person can only be responsible for his own acts, but an agent's act is really considered as that of his principal. Therefore the rule is that the principal is responsible for the acts of his agent. The principal is bound even though he was unknown at the time the act was done, because he is supposed to derive the benefit of the same.

Notice to Agent.—A notice to an agent is generally considered notice to the principal, but to have that effect, it must have relation to the agency business, and come within its scope. It must also be at the time he is acting as agent in relation to the very thing about which the notice is given.

Dissolution of Agency.—There are three ways in which an agency may be dissolved: (1) By a *revocation* of the power of the agent by the principal; (2) by a *renunciation* of power by the agent; (3) by *operation of law*.

Revocation.—This may take place at any time the principal's authority has not been executed in any part; at such time as desired by the principal if there is an express agreement that it shall be revocable; or at such time as such revocation will not work a hardship upon the agent.

Renunciation.—The agent can renounce the authority of the principal at any time, but not without making himself liable to the principal for all the damages and losses he sustains in consequence of the renunciation, except where it is a gratuitous and purely voluntary agency.

Operation of Law.—An agency may be terminated by operation of law: (1) By lapse of time, as where it was created for a year and the year expires; (2) by change in the condition of either party producing incapacity to act.

CORPORATIONS

A corporation is an association of individuals authorized by law to act under a corporate name as a legal being. It is by far the most convenient and effective form of combination where a number of persons wish to unite their efforts, their resources, or any part of either for some common purpose. Hence there are corporations of many kinds, business, municipal, religious, charitable, educational and others, each with features peculiar to itself. The business corporation and the usages relating to it are of recent growth and were called into being to avoid the many and serious disadvantages of the common partnership.

Incorporation and Copartnership.—There are practically only two ways in which persons can associate themselves for business purposes, incorporation and copartnership. The great advantages of incorporation are: (1) The limited liability of stockholders in case of the insolvency of the corporation; (2) the ease and simplicity with which an interest in the business is acquired or disposed of by the purchase or sale of stock certificates; its permanency, notwithstanding the change, death or insolvency of its members.

The Business Corporation.—A business corporation is one formed to carry on some manufacturing, mining, or mercantile enterprise. In New York, transportation, banking, and insurance companies are excluded from this classification and have laws and usages of their own. In most of the other states the same distinction exists, although not so sharply outlined. The restricted application of the term "business corporation," makes the laws relating to it comparatively well defined and easily understood. While details may vary in the different states, the general system is the same in all. The general characteristics of the business corporation or company are as follows: (1) It is created by a charter granted by the state and cannot come into existence by mere agreement among its members. Its peculiar advantages can be had only through a charter, and this charter is secured by following the forms prescribed by the state laws. (2) It has a stock capitalization divided into shares—usually of a like amount—and evidenced by transferable certificates of stock. These are issued to its members—termed stockholders. (3) The liability of the stockholders is limited to the amount of their subscriptions to its stock, and after this has been once paid, no further claim can be made upon either of them by the corporation or its creditors—though there are minor exceptions to this general rule.

The Charter.—A charter, or certificate of incorporation (the terms are equivalent), authorized by the state, is necessary to create a corporation. It is an instrument granting to certain specified persons and their successors the right of acting as a corporate being or

corporation. Under general laws all applicants complying with the prescribed forms and requirements may become incorporated for any of the usual business purposes. An individual or firm may do anything not forbidden by the law but a corporation has no such legal right. If it were incorporated to manufacture bicycles, it could not lawfully without amendment of charter, undertake the manufacture of automobiles. Any contract made by a corporation in excess of its charter powers cannot be enforced in the courts and the execution of the same might be prevented by injunction at the suit of any of its stockholders. As a matter of fact and ordinary practice corporations do go beyond their powers very frequently, and unless some stockholder or creditor of the company objects, the state alone has the right to interfere. Also, of late years, particularly within the states of New York, New Jersey, Delaware and West Virginia, so much latitude is allowed in specifying charter powers that almost any possible contract would be within the charter bounds.

Charter Powers.—A modern business corporation under a liberal charter will have all the following powers: (1) To have continuity of existence under its corporate name for the term stated in its charter; (2) to litigate, to sue and be sued, in all respects as an individual; (3) to use a corporate seal; (4) to buy, sell and hold property, real and personal, as may be necessary or convenient in its business; (5) to appoint directors, officers, and agents to manage and conduct its affairs; (6) to make by-laws for the management of its affairs and the conduct of its business; (7) to have a capital stock, divided into transferable shares—usually of equal amount; (8) to dissolve itself; (9) to carry on its special business.

Application for Charter.—The first step in organizing a business corporation is to prepare the formal application for incorporation. While the details of this vary in each state, the essential features are the same. The parties applying must be able to contract. They must be *natural persons*, hence a corporation, being an *artificial person*, could not join in an application to charter another corporation. Some states impose re

strictions as to citizenship. In some states but three persons need join; in others five or more are required. The essential features of the application are as follows: (1) The name of the corporation; (2) the location of the principal office or place of business; (3) the object or objects of the corporation; (4) the amount of the capital stock; (5) the names and addresses of subscribers and amounts subscribed by each; (6) the duration of the charter; (7) any special provisions.

Liability.—Corporations are liable for contracts made by their duly authorized agent within the scope of his authority, as well as for trespasses or torts committed by such agent under authority of such corporations.

Directors of a corporation are liable to the stockholders whenever there has been gross negligence or fraud, but not for unintentional errors.

The stockholders are individually liable to the corporation's creditors to extent fixed by statute under which the company is incorporated. Usually they are not made liable beyond the amount of stock held by them.

CAPITAL STOCK.

The capital stock of a company is the amount, as estimated by the incorporators, required for the purposes of the business. Authorized and fixed by the charter, it can be changed only by amendment of that instrument. It is divided into shares, the face value of which is usually one hundred dollars, though the matter is discretionary with the incorporators and other amounts are often chosen. Generally the state laws require that a certain minimum amount of the capital stock be subscribed and in some states paid in, before the corporation may begin business; thereafter additional stock may be issued as required, up to the charter limit.

Unissued Stock.—This is in itself a nullity, it is merely the right to issue stock if subscribers can be found, and until so issued represents nothing.

Issued and Outstanding Stock.—This is stock actually subscribed for and the subscriptions accepted by

the company, and, usually, for which stock certificates have been duly made out and delivered to the subscribers. It is a liability of the company and the subscriptions or the cash and property received should be an equivalent asset.

Full Paid Stock.—Stock which has been subscribed, issued, and fully paid is termed full paid stock, and the words “Full-paid and Non-assessable” should always appear plainly printed upon the face of its certificates.

Treasury Stock.—This term is commonly but erroneously applied to unissued stock, or even to stock subscribed but unpaid. Strictly speaking, it is such stock which has been issued, paid for—usually in full—and then by gift or purchase has come back into possession of the company. It may be taken in the name of the treasurer; or of a trustee, or may be held in the name of the corporation itself. In either case it is accounted an asset of the company and may be held or sold at the discretion of the board of directors. When sold below par the purchaser incurs no liability, for the stock if once full paid, remains so. So long as held by the company, it can neither vote nor participate in dividends, but remains lifeless and without rights or powers. It is issued stock, but, being in the treasury, is not outstanding stock. This distinction does not, however, exempt such stock from the franchise taxes imposed under the laws of certain states, as New Jersey and Delaware.

Common Stock.—Stock issued without special privileges or restrictions—general or ordinary stock—is embraced in the term *common stock*. Unless special stock of some kind is issued by the company, all its stock is common stock. The owner of common stock has the right to attend and vote at all meetings of stockholders, to share in the profits of the business, and on the dissolution of the company, to have his due proportion of the final assets.

Preferred Stock.—This is a stock issued under an agreement that it is to receive a stated dividend from the profits before anything is allotted to the common stock. It is sometimes called *guaranteed stock*, though

this term is more properly applied to stock issued by one company with a certain dividend guaranteed by another company.

Preferred stock, unlike a bond, does not in any way represent a debt or liability of the corporation. It is merely an investment; its owners are but stockholders; its dividends, while payable before anything is given the common stock, may be paid only out of profits, and the failure of dividends gives no ground of action against the corporation. For these reasons preferred stock, if it can be sold, is much preferable to bonds as a means of raising money. Should the corporation become insolvent, usage as to preferred stock is not uniform. Under the laws of New Jersey and certain other states, should the assets be sufficient, it is redeemed at its face value, after the debts are paid, and before the common stock receives anything.

Watered Stock.—That which purports to represent, but does not represent in good faith, money paid into the treasury of the company, or money's worth actually contributed to the working capital of the corporation, is watered stock. For instance, if a certain stock is paying annual dividends of 10 per cent, as much more stock may be issued, giving each stockholder twice as many shares of stock bearing 5 per cent. Companies having municipal franchises for lighting, water supply, street railways, transportation and other semi-public functions, always, as a matter of policy, issue sufficient "fictitious" stock to keep their dividends down to an apparently low figure. In many cases, corporations judiciously "water" their stock to prevent rivals, or possible competitors, from knowing the real profits of the business.

Generally there is no legal prohibition against the "watering" of stocks, provided no one is defrauded thereby. In many states, however, all such issues of "fictitiously paid-up" stock are prohibited. These statutes, however, are frequently evaded.

Certificates of Stock.—The stock certificate is documentary evidence of ownership of stock in the corporation issuing such certificate, by certifying that the person named therein is the owner of record of a certain

number of shares of the company's stock. The *ownership of the stock* goes with the certificate and its signed indorsement, but the *ownership of record* remains with the original holder till the transfer is made upon the books of the company. In the meantime the original holder has power to exercise all the rights of a stockholder. For this reason transfers should be made without delay.

Subscriptions to Stock.—A subscription to the stock of a corporation is an agreement on the part of the subscriber to take a specified number of its shares and if unqualified, is held to mean at par and for cash. Stock subscriptions may be paid in property, and in most of the states, in labor or services when it has been so agreed. Stock may be issued in this way for mines, factories, patent rights, the good will and other assets of a business, and for any other kind of property that might be purchased for cash. The privilege of safely issuing stock for property is often of the greatest importance in the exploitation of mines, inventions and other speculative enterprises. It is so often abused that in some states it is most rigorously hedged about, and any over-valuation is made dangerous for both the officials of the company and the holders of its stock.

STOCKHOLDERS.

The subscribers to the capital stock of a corporation are accounted stockholders even before the permanent organization of the company and the delivery of their stock, and have the right to participate in stockholders' meetings.

Rights of Stockholders.—The individual rights of holders of common stock are, briefly: (1) To participate in stockholders' meetings, in person or by proxy, and to cast one vote for each share of stock held; (2) to participate, according to the amount of stock owned, in dividends; (3) in the event of the dissolution of the corporation, to participate, in due proportion, in any assets that may remain after paying the corporate debts. The individual rights of holders of preferred stock are governed by the conditions of issue which should be inscribed in full on the face of preferred

stock certificates. In the absence of conditions, preferred stock carries all the rights of common stock, including participation in stockholders' meetings and in general dividends after the common stock has received a dividend equal to the preferred dividend.

A stockholder, as such, has absolutely no voice in the management of the company beyond his individual stock vote on matters brought before the stockholders' meetings. The subjects upon which action can be taken at these meetings may be summed up as follows: (1) Adoption or amendment of by-laws, and the passage of resolutions; (2) election of directors; (3) amendment of the charter; (4) dissolution of the company; (5) sale of the entire assets; (6) any vital or radical action; (7) exercise of any statutory or specially conferred charter powers.

BY-LAWS.

By-laws are the permanent rules of corporate action as distinguished from *resolutions*, which are but temporary in their effect and apply only to the particular occasions for which they are passed.

Sources of Authority.—The general management of a corporation must, as a matter of course, conform to: (1) The constitution and laws of the state of incorporation; (2) the provisions of its charter; (3) the provisions of the common or general corporation law; (4) the regulations of its by-laws; (5) the rules of parliamentary law so far as applicable. In the by-laws it is desirable to collate and repeat the provisions from these several sources that bear most directly on the management and procedure of the corporation.

Irregularities.—Any stockholder or creditor of a corporation has the right to demand the regular and lawful conduct of its business, and hence any irregularities of procedure may lead to legal interference. Many irregularities in corporation organization and procedure are passed over or legalized by the acquiescence or assent of all the parties concerned, as in the waiving of the legal formalities of the first meeting or, as is often the case in small corporations, the formal regulations are quite commonly waived at convenience.

Classification.—By-laws are usually grouped under the following heads: (1) Stock; (2) Stockholders; (3) Directors; (4) Officers; (5) Dividends and Finances; (6) Sundry Provisions; (7) Amendments.

GOVERNMENT SUPERVISION OF CORPORATIONS.

The bureau of corporations as a part of the department of commerce and labor has, as its main purpose, authority "to gather, compile, publish, and supply useful information concerning corporations doing business within the limits of the United States that shall engage in interstate commerce or commerce between the United States and any foreign country, including corporations engaged in insurance." The bureau of corporations has nothing whatever to do with common carriers. It cannot investigate the Standard Oil company's rebate system on railroads nor the operations of tank cars and ships. It cannot touch private car lines nor any subsidiary corporations on railroads by means of which the beef trust, steel trust, and almost every other trust manages to do business to the exclusion of smaller rivals. All that belongs to the interstate commerce commission, and the bureau of corporations is by law forbidden to investigate common carriers.

Trusts.—The modern industrial trust is merely a large corporation composed of a number of smaller corporations, enterprises previously separate, and, usually, under independent management.

Cumulative Voting.—Certain states permit the option of "bunching" or distributing votes, at the will of the voter. This is permissible in New York, West Virginia, and Pennsylvania, the constitution of the New York law reading, "That at all elections of directors of such corporation each stockholder shall be entitled to as many votes as shall equal the number of his shares of stock, multiplied by the number of directors to be elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he sees fit, which right when exercised shall be termed *cumulative voting*."

CORPORATION ACCOUNTING.

Besides the books of a corporation necessary to record the issues and transfers of shares, there must of course be kept books to record the business transactions of the company. These books, so far as the general business is concerned, are kept the same as for firms not corporations, but differ from them as to the making of the entries affecting capital stock.

When a corporation is formed it falls into one of the following three general classes, so far as the opening of the books is concerned:

1. Shares issued for money only.
2. Shares issued for property or for property and money.
3. Shares issued for property alone, but where working capital is to be provided by the sale of stock donated to the company.

Entries for Class 1.—Capital stock \$15,000, subscribed for in equal amounts by Chester Hall, Martin Hanson, and Albert Mann, subscriptions to be paid in full in one amount.

The journal entry is as follows:

Subscription,	15000 00
Capital Stock,	15000 00

For shares of stock subscribed as follows:

Chester Hall,	50 shares
Martin Hanson,	50 shares
Albert Mann,	50 shares

As per subscription list dated....., 190...

If all the stock is not subscribed for, the capital stock is credited for only the amount subscribed for.

The subscribers having paid in the amounts of their subscriptions, the following entries should be made on the debit side of the cash book:

Subscriptions,	15000 00
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Amount paid in by subscribers for stock as follows:

Chester Hall,	\$5,000
Martin Hanson,	5,000
Albert Mann,	5,000

It is not necessary to open accounts with the individual stockholders.

In case the subscriptions are not paid in full, but by assessments, as called for, the journal entry debiting Subscriptions and crediting Capital Stock would be as before, and as each assessment, say of 10 per cent., is called for, a journal entry would be made as follows:

Assessment No. 1,	1500 00
Subscriptions,	1500 00

Being assessment of 10 per cent. on the shares of the company subscribed as follows:

Chester Hall,	\$500
Martin Hanson,	500
Albert Mann,	500

As per resolution of directors adopted....., 190... (See Minute Book, page —.)

When the assessment has been paid to the treasurer, the following entry is made on the debit side of the cash book:

Assessment No. 1,	1500 00
Amount paid in by subscribers for stock as follows:	
Chester Hall,	\$500
Martin Hanson,	500
Albert Mann,	500

This will close the account Assessment No. 1 in the ledger.

Entries for Class 2.—When stock is issued at par for property, as the assets of a going business, and other stock sold for cash, the various items are debited, the liability items credited, and Capital Stock credited for the net value of the investment. The stock subscribed for to be paid for in cash is treated as in Class 1.

Entries for Class 3.—When stock is issued for property, say a mine, and part of such stock is donated to the company to be sold at par to provide working capital, the entries are as follows:

Mine,	20000 00
Capital Stock,	20000 00
Full explanation of issue.	
Treasury Stock,	10000 00
Working Capital,	10000 00
Full explanation of donation.	

When this is sold, make a journal entry crediting Treasury Stock for the par value of the amount sub-

scribed for and debiting Subscription to Treasury Stock for the amount of the subscriptions at the price to be paid, and debit Working Capital for the difference between the price paid and the par value of the stock.

As the subscriptions are paid, debit Cash and credit Subscriptions to Treasury Stock.

If other stock of the company is sold at par, treat it as in Class 1.

If stock is sold at a premium, debit Subscriptions for the amount subscribed for at the price sold at, and credit Capital Stock for the shares at par and Working Capital for the amount of premium.

Every entry should be followed by a full explanation of the transaction.

INSURANCE

Insurance is a contract whereby for a stipulated consideration one party undertakes to compensate the other for loss on a particular subject for a specified peril. The party agreeing to make the compensation is called the insurer, or the underwriter, the other party to the contract being the insured. The written contract is called the policy, and the event insured against, the risk.

FIRE INSURANCE.

Fire insurance is a contract by the insurer to indemnify the owner or person having an interest in the property insured for loss or damage by fire during a specified period. A policy of fire insurance may be open or valued. By the former, the amount of liability is left to be determined according to the actual loss; by the latter, a certain valuation is fixed above which the insurer is not liable for loss. In the absence of statute or charter provision, the policy may be in any form; but to avoid looseness and ambiguity statutes in some jurisdictions have prescribed the use of a standard policy.

Insurable Interest.—An interest of such a nature that the fire insured against would directly injure him, is termed insurable interest. If the person had no interest in the property upon which he obtained insur-

ance, the only object would be a mere speculation, and the contract would not be upheld in law.

Cancellation.—The standard form of policy contains a stipulation that the policy may be canceled at any time by the company, or at the request of the insured upon giving five days' notice of such cancellation. In case of such cancellation the unearned premiums paid shall be returned to the insured.

Form of Contract.—The contract of insurance is usually in writing, although it may be oral, unless expressly required by the statute to be written.

Oral Contract.—The contract is binding and in force as soon as the agreement is completed, although the written policy may not have been actually delivered, nor in fact ever have been issued.

Notice of Loss.—After a loss it is the duty of the insured to give immediate notice to the company. Under the standard form of policy this notice must be in writing. The damaged goods must be inventoried, and a proof of loss duly sworn to must be filed within sixty days. Unless the notice is given as stated and the proof of loss filed within the specified time, no recovery can be had on the policy.

Effect of Fraud.—A contract of insurance is one requiring good faith between the parties, and the party seeking insurance is bound to disclose any circumstance that will affect the risk. Any fraudulent dealing is fatal to the rights of the party responsible for it. Any concealment of a material fact inquired into by the insurer will, if made intentionally by the insured, avoid the policy.

LIFE INSURANCE.

A life insurance contract is, in its simplest form, an agreement upon the part of the insurer to pay a specific sum of money upon the death of a certain person, called the insured, to a specific person called the beneficiary. The consideration paid by the insured is called the premium, and is generally a certain amount payable annually or monthly. The agreement may take the form of what is termed an endowment insurance, whereby the insured, after paying the premium for a given num-

ber of years, will receive a certain sum of money, or if he dies before the expiration of the period, the amount of the policy will go to the beneficiary. The beneficiary, instead of being a specific person, may be the estate of the insured.

Premiums.—The premiums on life insurance are graded according to the age of the risk. The person insured must undergo a physical examination, as only healthy persons are insured. The amounts of the premiums are determined by average results computed upon the length of life of a large number of persons carefully arranged and tabulated. These results so arranged are called "mortality tables."

Effect of Concealment.—The contract of life insurance, like that of fire insurance, requires the exercise of good faith between the parties, but to avoid the policy the concealment of a material fact not made the subject of an express inquiry must be intentional. A material misrepresentation avoids a policy.

Form of Policies.—There is no standard form of life insurance policy, and the forms of the different companies vary materially. It is customary to have the policy provide that the application be made a part of the contract, thereby making the statements in the application express warranties. So a denial that one is affected with a disease avoids the policy if untrue. The application often inquires as to what other insurance is carried, and a deceptive statement on this point is fatal to the policy. So also a statement as to age is material and the answer must be correct.

Payment.—The conditions of the policy as to payment of premiums must be strictly complied with or the policy fails, sickness or other inability to pay being no valid excuse.

Suicide.—If the policy contains no express stipulation to the contrary, the insurance company is liable on a policy if the party insured commits suicide, in case a third party is the beneficiary. If the insured is the beneficiary, the rule will be otherwise. The policy frequently contains a clause exempting the company from liability if the insured commits suicide.

Notice of Death.—In life insurance the company generally requires immediate notice of death and due proof that the person insured is dead.

MARINE INSURANCE.

Marine insurance is a contract by which the insurer agrees to indemnify the insured against certain perils or risks to which his ships, cargo, and profits may be exposed during a certain trip or during a specified time.

Effect of Fraud.—The requirement of good faith between the parties is even greater in marine insurance than in any other branch of insurance. The reason for this is that the insured has every opportunity to know all of the facts and the insurer but limited opportunity to determine them. A concealment or misrepresentation of a material fact either innocently or fraudulently avoids the contract.

Warranty.—A warranty, as in fire insurance, must be strictly performed. In marine insurance there are three implied warranties which are understood in every contract. They are in respect to seaworthiness, deviation, and legality. Seaworthiness is the condition of a ship when reasonably fit to perform the services and encounter the ordinary perils incident to the voyage. The second implied warranty is that there shall be no voluntary deviation or departure from the course fixed by mercantile usage, for the voyage contemplated by the policy; and also that there shall be no unreasonable delay in commencing or making the voyage. The third implied warranty is that the voyage shall be legal, both in its nature and in the manner in which it is prosecuted. Smuggling voyages and trading trips to an enemy's port are cases of illegal voyage.

• **Losses.**—The loss may be total, in which case the whole insurance is ordinarily recoverable; or it may be partial, and then only a pro rata part can be recovered.

CASUALTY INSURANCE.

Casualty insurance is an indemnity against loss resulting from bodily injury or the destruction of certain kinds of property. It may be accident insurance, which

is an indemnity against personal injury by accident, or it may be one of the numerous classes of insurance that have sprung up within the past few years, granting indemnity against almost every conceivable form of catastrophe. Among these special forms of casualty insurance may be mentioned plate glass, boiler, tornado, employer's liability, fidelity, credit, and title insurance.

Accident Insurance.—Accident insurance is a branch of life insurance, the latter insuring against death by any cause, while the former insures against death or injury caused by accident. This class of insurance usually provides a certain payment in case of accidental death, a weekly indemnity for either permanent or total disability by reason of accident, and a fixed sum for such permanent injury as the loss of one or both of the hands, feet, or eyes. An accident in this sense is an unforeseen event which results in injury to one's person.

Fidelity Insurance.—Fidelity or guaranty insurance is a contract by which an employer is insured against loss by the fraud or dishonesty of his employees, being a guarantee of the honesty of an employee. Fidelity insurance companies also issue bonds guaranteeing the faithful performance of contracts, as those executed by persons holding places of trust.

Credit Insurance.—Credit insurance protects merchants and tradesmen from loss through the insolvency or dishonesty of their customers. For a certain premium the insurance company guarantees the merchant against bad debts. The merchants must usually bear a certain small per cent, and all losses over that amount are paid by the insurance company.

Title Insurance.—Title insurance is a guaranty to the owner of real property that his title is clear. It is an insurance against defects in the title to the property insured, and in case of loss by reason of liens or incumbrances prior to the interest of the insured, the company indemnifies him.

Plate Glass Insurance.—Plate glass insurance is another branch of casualty insurance frequently employed, the premium being based upon the cost price of the windows.

Elevator Insurance.—Elevator insurance consists of a contract which covers the risk incidental to the use of elevators, including both the damage to the elevators themselves and to persons or property that may be injured by the use of, or by accident occurring to, such elevators.

Steam Boiler Insurance.—This insurance covers injury to property or persons by reason of the explosion of steam boilers.

LANDLORD AND TENANT

Leases.—By the statute of frauds in most states the lease must be in writing, if for a longer time than one year. Generally, if for one year or less it may be made orally, and this is true even though the term is to commence at a date in the future. In a few states leases can be made for only a limited number of years, while in others a lease for more than a certain number of years must be recorded.

Covenants.—Aside from the above provision, any further agreement between the parties may be incorporated in the writing. A lease is but a contract, and the full agreement of the parties should be set forth. Frequently the following covenant is inserted: "The party of the second part hereby covenants not to sublet said premises, or any portion thereof, without the written consent of said party of the first part."

Term.—The term of the lease is the time for which it is to run. If the tenant has been in possession under a lease for one or more years, and he retains possession without executing a new lease, he is presumed, in the absence of some agreement, to be a tenant from year to year, which means that his term after the expiration of the lease is one year, and if he remains in possession after the next year he is a tenant for another year.

Express and Implied Covenants.—The covenants contained in a lease are either expressed or implied. The implied covenants exist whether they are mentioned or not; the express covenants must be included in the express conditions of the lease, and may be many or few. The implied covenants, on the part of the lessor, are

those regarding quiet enjoyment and the payment of taxes. The usual words of grant in a lease are "demise and lease," or "grant and demise," these words being said to import a covenant of quiet enjoyment. This covenant is broken when the tenant is evicted by some one who has a paramount title. The landlord also impliedly covenants that he will pay all taxes assessed against the premises during the term. There is no implied covenant on the part of the lessor, or landlord, that the premises are in a tenantable condition. On the part of the lessee, or tenant, there is an implied covenant that he shall pay the rent stipulated for; and, although no sum is specified in the lease, the tenant must pay a reasonable rent, unless it appears that it was the intention of the parties that none was to be paid. The lessee also impliedly to keep the premises in ordinary repair.

Rights and Liabilities Under a Lease.—Aside from the covenants in a lease there are certain rights and liabilities which arise from the relation of landlord and tenant. In the absence of an agreement to the contrary the tenant is entitled to the exclusive possession of the premises. He is liable for waste and is estopped from denying his landlord's title; that is, the tenant cannot for any purpose claim that the premises do not belong to his landlord. The landlord is under no obligation to repair unless the lease expressly binds him to such duty. And he is entitled to the fixtures annexed to and made a part of the realty.

Assigning or Subletting of Lease.—Unless the tenant is restrained by an express covenant against subletting or assigning, he may assign or sublet his lease without the consent of the landlord. If the interest granted by the lessee is for a shorter time or for rights inferior to those granted in his own lease, it is a sublease.

Eviction.—At the expiration of the lease the landlord is entitled to the possession of the premises, and if the tenant does not surrender them, the landlord may institute proceedings to evict him. The statutes in the different states provide the procedure by which the tenant holding over after his lease has expired may be evicted on short notice. This is termed "summary proceedings." This form of procedure is also provided by

statute for the eviction of the tenant when he does not pay his rent. Where the tenancy is not for any fixed period, but is a tenancy from year to year or month to month, it cannot be terminated by either party except by notice. Under the common law a tenancy from year to year could be terminated by notice six months before the expiration of the period, and in the case of a tenancy for a shorter period, as from month to month, by a notice equal to the length of the period. Until this notice has been given, the landlord cannot evict the tenant, and until the tenant has given a like notice to the landlord, he is liable to be held for the rent unless the landlord accepts his surrender of the premises. The statutes in the different states have in many instances changed the common law rule and a shorter notice is rendered sufficient.

CARRIERS

A carrier is a person or company that undertakes to carry, or makes a business of carrying, persons or goods for hire. They may be either private, or public or common, carriers. A private carrier is one who carries only occasionally and not as a public business or employment. Such a carrier is not bound to serve all who offer to employ him. He is liable for negligence in transporting the goods, but is held only to the exercise of ordinary diligence. Public or common carriers are those whose regular business it is to carry goods from place to place for all persons who choose to employ and remunerate them, such as railroad, express, and steamship companies. They may be carriers of passengers or carriers of goods, but it is to the last-named class that the term is usually applied. To constitute one a common carrier, he must have held himself out to the public as ready to carry, for hire, as a business, goods of the sort he professes to carry.

DUTIES OF COMMON CARRIERS.

Goods and Payment for Carriage.—Common carriers are said to be carriers of "goods," and this term includes animals, money, and in fact any article of per-

sonal property that is subject to transportation. By the common law a common carrier is bound to receive without respect to persons whatever may be offered him for transportation, when the charges are paid or offered to be paid. After the goods have been delivered to the carrier the shipper cannot retake them without paying the freight, and if they are intercepted before reaching their destination, the full freight can be recovered by the carrier. The consignor or shipper is the party primarily liable for the freight and not the consignee or the person to whom the goods are shipped, unless the consignee expressly agrees to pay it.

Regulation of Charges.—The charges that may be made are in some instances regulated by statute, and when not so regulated they must be reasonable and the same as generally charged to others for the same services.

Right to Refuse Goods.—The rule that a common carrier is bound by the common law to receive whatever is offered to him to carry without respect to the persons offering is subject to three qualifications—viz.: First, the offer of the chattel must be for hire; second, the bailment must be within the carrier's means of safe conveyance; third, such carriage should be in the line of his vocation.

Interstate Commerce Law.—The carrier may prescribe reasonable rules as to the time and manner of receiving goods. He cannot be required to receive them at an unreasonable hour or place, and he may insist that the goods be packed in a reasonable way. But by statutes passed in most of the states the carrier is prohibited from discriminating in favor of one customer over another either in rates or privileges of any kind. The common carrier must not select his patrons arbitrarily, but must furnish equal facilities to all. To further this object a statute was passed by the Congress of the United States in 1887 which is known as the interstate commerce law. This law was designed to regulate the commerce between the states and applies to all common carriers, either by land or water, who do business in two or more states or territories. It provides that no discrimination shall be made between

large or small, constant or occasional, shippers, and that no charges shall be unjust or unreasonable. It also provides that proportionate charges shall be made for long and short distances. The law further requires that the schedule of rates shall be published and filed with commissioners who are appointed to oversee the enforcement of the law and are known as the interstate commerce commissioners. The act also makes it unlawful for any common carrier who comes under its provisions to enter into any combination or agreement by which the continuous carriage of freight from one point to another shall be delayed or interrupted. All of the large railroad and express companies do business in more than one state, and therefore come within the provisions of this act.

When Liability Begins.—The common carrier becomes responsible for the goods when they are delivered to him for carriage and accepted by him in the capacity of a carrier, except when the loss arises from any of the following causes: (1) By an act of God, or by a public enemy; (2) by the act of the shipper; (3) by the act of the public authority; (4) from the nature of the goods.

Limitation of Liability by Contract.—The carrier in most of the states may limit his liability to a certain extent by contract with the shipper as to release for loss by fire, robbery, accidental delay, etc., but he can not contract away his liability for the fraud, misconduct, or negligence of himself, his agents, or servants.

Delivery by Carrier.—At the termination of the journey the goods transported shall be delivered to the consignee or his authorized agent within a reasonable time, the carrier being liable for delivery to the right party. Goods must be delivered to the holder of the bill of lading whether the holder be the consignee or a purchaser. A delivery at a residence or place of business is sufficient, other delivery being at the carrier's risk.

CARRIERS OF PASSENGERS.

Liability.—A common carrier of passengers is bound to receive and carry alike all persons applying and willing to pay for their transportation. The fare re-

quired of the passenger must be reasonable, and in many states it is regulated by statute. The carrier is bound to have means and appliances suitable to the transportation, and to use all reasonable precautions for the safety of passengers. He can prescribe reasonable rules as to showing tickets, etc. The carrier is not an insurer of the lives and safety of the passengers, but he is held to a high degree of care, and will be liable for even slight negligence. While the carrier does not warrant the safety of the passengers, he is held to the highest degree of care practicable under the circumstances. In most of the states the carrier is not permitted to limit his liability for injury to the passenger. It is considered contrary to public policy to exempt the carrier from liability for even slight negligence when the lives and safety of human beings are concerned. The passenger who pays his fare to the carrier is entitled to have certain baggage taken without charge, and for this baggage the carrier is liable as for the carriage of freight. Baggage in this sense includes such articles of personal necessity, convenience, and comfort as travelers under the circumstances are wont to take on their journeys. It does not include merchandise or a stock of goods used in the traveler's business.

EXEMPTION LAWS

In most of the states there exists a homestead law which exempts certain real property from liability of attachment by the creditors of the owner. Certain personal property is also exempt, and in most cases wages are exempt for a specified period. The following is approximately the law in the several states and territories:—

Alabama.—Homestead to the value of \$2000 or 160 acres of land not exceeding \$2000 in value. Personal property to the value of \$1000 and \$25 wages.

Alaska.—No homestead law. Specified articles of personal property worth from \$750 to \$1000, and wages for thirty days preceding judgment.

Arizona.—Homestead to the value of \$4000 if claim is recorded. Personal property to the value of \$1000. Wages earned for thirty days preceding levy.

Arkansas.—Homestead of 160 acres in country or one-quarter acre in town or village, not exceeding in value \$2500. Personal property including wages for sixty days to the amount of \$500 for the head of a family and \$200 for a single person.

California.—Homestead to the value of \$5000. Certain specified articles of personal property not to exceed \$1000. Wages for thirty days if necessary to support family, but one half of wages is liable for debts contracted for necessities.

Colorado.—Homestead to the value of \$2000 if claim is recorded. Certain specified articles of personal property, including library and instruments of professional men. Sixty per cent of any amount of wages due.

Connecticut.—Homestead to amount of \$1,000 if claim is recorded. Certain specified articles of personal property and wages to the amount of \$50.

Delaware.—No homestead exemption, and each county has a special law as to exemption of personal property.

District of Columbia.—Specified articles of personal property not exceeding \$1000. Wages for two months not to exceed \$200 and the salary of all government employees.

Florida.—Homestead consisting of 160 acres in country or one half acre in town. Personal property to the value of \$1000 for the head of a family residing in the state, and all wages.

Georgia.—Constitution of the state provides a homestead exemption of \$1600, either real or personal property, and the statutes allow fifty acres of land and five acres additional for every child under sixteen years of age. Certain specified articles of personal property and all laborers' wages.

Idaho.—Homestead to the value of \$5000 for a married man and \$1000 for a single man, but declaration of homestead must be filed. Specified articles of personal property to the value of \$1000 and wages for thirty days.

Illinois.—Homestead to value of \$1000. Personal property, \$400 for married persons, \$100 for single persons. Wages to the amount of \$15 weekly for the head of a family.

Indiana.—\$600 worth of either real or personal property is allowed as exemption to householders and married women residents of the state. One month's wages not to exceed \$25.

Indian Territory.—Homestead worth \$2500, but not to exceed 160 acres if in the country. Personal property and wages for sixty days, not to exceed \$500 for married persons and \$200 for single persons.

Iowa.—Homestead one half acre in town or forty acres in country. Specified articles of personal property not to exceed \$200 and wages for ninety days.

Kansas.—Homestead one acre in town and 160 acres in country. Specified articles of personal property and wages for three months preceding levy.

Kentucky.—Homestead to the value of \$1000. Specified articles of personal property and wages to the amount of \$50.

Louisiana.—Homestead to the value of \$2000. Specified articles of personal property and all laborers' wages.

Maine.—Homestead to the value of \$500 if recorded. Specified articles of personal property. Wages to the value of \$20 except in suit for necessities and then \$10.

Maryland.—\$100 worth of personal property and wages to the amount of \$100.

Massachusetts.—Homestead to the value of \$800 if recorded. Specified articles of personal property and wages to the amount of \$20 except in suit for necessities, and then \$10.

Michigan.—Homestead to the value of \$1500. Specified articles of personal property and goods to the value of \$250. Eighty per cent of the wages of a household-er not to exceed \$30, others forty per cent up to \$15.

Minnesota.—Homestead consisting of a city lot or one half acre in a town or eighty acres in the country, not allowed to a single man unless he resides on the

property. Specified articles of personal property amounting to about \$1500 and wages to the amount of \$25.

Mississippi.—Homestead to the value of \$2000, but not over 160 acres if in the country. Personal property consisting of certain articles in the country, and to the value of \$250 in towns. Wages of \$100 per month to head of family, \$20 to others.

Missouri.—Homestead to the value of \$3000 in cities and \$1500 in country and towns. Personal property consisting of certain specified articles not to exceed in value \$300, including ninety per cent of wages.

Montana.—Homestead to the value of \$2500. Specified articles of personal property and wages for thirty days.

Nebraska.—Homestead to the value of \$2000. Personal property not exceeding \$500, but not in addition to homestead, and wages for sixty days.

Nevada.—Homestead to the value of \$5000. Specified articles of personal property and wages not to exceed \$50 earned in month process is issued.

New Hampshire.—Homestead to the value of \$500. Certain specified articles of personal property and wages to the amount of \$20 except as against debts for necessities.

New Jersey.—Homestead to the value of \$1000 if advertised and recorded according to law. Personal property to the amount of \$200 and wearing apparel, also all wages.

New Mexico.—Homestead to the value of \$1000. Personal property consisting of certain specific articles and \$500 when party does not own homestead. Wages for three months, except in certain specific cases.

New York.—Homestead to the value of \$1000 if notice is recorded. Certain specific articles to the head of a family, and personal property in addition to the value of \$250, except for purchase price. Wages for sixty days if necessary for the support of the family.

North Carolina.—Homestead to the value of \$1000. Personal property to the value of \$500, and sixty days' wages if necessary for the support of the family.

North Dakota.—Homestead to the value of \$5000. Personal property to the value of \$1000 to the head of the family residing in the state. Wages not exempt.

Ohio.—Homestead to the value of \$1000. Certain specific articles of personal property. Wages for three months if necessary for the support of the family.

Oklahoma.—Homestead consisting of 160 acres in the country, or one acre in city or town. Personal property consisting of certain specific articles. Wages for ninety days to the head of a family.

Oregon.—Homestead to the value of \$1500, not to be less than twenty acres in the country or one lot in city or town. Personal property consisting of certain specific articles, and wages for thirty days if necessary for the support of the family.

Pennsylvania.—Real or personal property to the value of \$300, and all wages.

Rhode Island.—Household furniture to the value of \$300, tools and books to the value of \$300, and library of professional men. Wages to the amount of \$10, except as against debts for necessities.

South Carolina.—Homestead to the value of \$1000. Personal property to the value of \$500. Wages for sixty days if there is a family depending on them for support.

South Dakota.—Homestead consisting of 160 acres in the country or one acre in city or town, to the value of \$5000. Personal property to the value of \$750, to the head of a family, and \$300 to a single person not the head of a family. No exemptions against purchase price. Wages for sixty days if necessary for support of family.

Tennessee.—Homestead to the value of \$1000. Certain specific articles of personal property. \$30 in wages.

Texas.—Homestead consisting of 200 acres in country, or city lot to the value of \$5000. Certain specific articles of personal property. Current wages for personal services.

Utah.—Homestead to the value of \$1500, and \$500 additional for wife and \$250 for each child. Certain

specific articles of personal property not exceeding \$1000, and one half of wages for thirty days, but not to be less than \$30.

Vermont.—Homestead to the value of \$500. Certain specific articles of personal property, and wages to the amount of \$10.

Virginia.—Homestead to the value of \$2000. Certain specific articles of personal property and one month's wages, not to exceed \$50.

Washington.—Homestead to the value of \$2000 if declaration is filed. Certain specific articles of personal property, and in the case of a householder \$1000 in addition. Wages to the amount of \$100 if family is dependent thereon.

West Virginia.—Homestead to the value of \$1000. Personal property, including wages, to the amount of \$200.

Wisconsin.—Homestead consisting of one fourth acre in town or forty acres in the country. Certain specific articles of personal property, not to exceed \$200 in value. Wages for three months, not exceeding \$60 a month.

Wyoming.—Homestead to the value of \$1500. Personal property to the value of \$800 for a married man, and \$300 for a single man. Wages not to exceed \$100.

STATUTE OF FRAUDS

In the following states the statute of frauds is not in force: Alabama, Delaware, Illinois, Kentucky, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, West Virginia.

The statute is not in force when contract is to be performed within one year, in Kansas.

In the following states and territories, sale of goods, wares and merchandise, to the value of \$30, must be in writing: Arkansas, Indian Territory, Maine, Missouri, New Jersey.

State in which such amount is \$33: New Hampshire.

State in which such amount is \$40: Vermont.

States and territories in which such amount is \$50:

Alaska, Colorado, Connecticut, District of Columbia, Georgia, Indiana, Maryland, Massachusetts, Michigan,

Minnesota, Mississippi, Nebraska, Nevada, New York, North Dakota, Oregon, South Carolina, South Dakota, Washington, Wisconsin, Wyoming.

Over \$50: Oklahoma.

Over \$200: California, Idaho, Montana, Utah.

Over \$500; must be proved by a witness and corroborating testimony: Louisiana.

States and territories in which any value must be in writing: Arizona, Florida, Iowa, New Mexico.

CHATTEL MORTGAGES

The following extracts show the statutory provisions as to chattel mortgages in the different states and territories:—

Alabama.—Must be recorded in the office of the probate judge where the mortgagor resides and also where the property is located. Remains in force as long as the debt. No renewal necessary. If the property is moved to another county, the mortgage should be recorded there within three months. Is not valid as to third parties on a stock of merchandise remaining in the possession of the mortgagor. Is not valid as to third parties on after acquired property.

Arizona.—Must be filed in the office of the recorder where the mortgagor resides and where the property is located. No renewal is necessary. Is not valid as to third parties on stock of merchandise remaining in possession of mortgagor nor on after acquired property.

Arkansas.—Must be filed or recorded in the office of the recorder where the mortgagor resides. If recorded, is good for the life of the debt, but in case of extension by partial payment, these payments must be recorded. If it is filed, it is valid for one year and must be renewed within thirty days preceding the expiration of one year. Is valid as to third parties on stock of merchandise remaining in possession of the mortgagor, provided he acts as agent for the mortgagee when sales are made. Is valid as to third parties on after acquired property if the mortgage provides therefor.

California.—Must be recorded in the office of the recorder where the mortgagor resides and where the prop-

erty is located. Remains in force during the life of the debt. No renewal is necessary. If the property is removed to another county, the mortgage should be recorded there within thirty days. Is valid as to third parties on stock of merchandise remaining in possession of the mortgager, but not valid on after acquired property.

Colorado.—Under \$300 it may be filed in office of recorder where the property is located. In other cases it must be recorded in the office of the recorder. Remains in force for two years on sums of \$2,500 or under, for five years on sums of \$2,500 to \$20,000, for ten years on sums of \$20,000 or over. Must be renewed by annual statement showing unpaid amounts remaining due. Mortgagee may take possession any time within thirty days after maturity and mortgage remains valid during that time. It is valid as to third parties on stock of merchandise remaining in possession of the mortgagor if the mortgage so states and the property is applied to the mortgage debt. It is also valid on all after acquired property except merchandise.

Connecticut.—Must be recorded in the town clerk's office where property is located. Only specific articles are subject to mortgage. Need not be renewed. Is not valid as to third parties on stock of merchandise remaining in possession of mortgagor, or on after acquired property.

Delaware.—Must be recorded within ten days in the office of the recorder where property is located. Is valid for three years, at which time it must be renewed. Is valid as to third parties on stock of merchandise remaining in possession of the mortgagor, but is not valid on after acquired property.

District of Columbia.—Must be recorded in the office of the recorder where property is located. Need not be renewed. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor, or on after acquired property.

Florida.—Must be recorded in the office of the clerk of the circuit court where the property is located. Need not be renewed. Is not valid as to third parties on stock of merchandise remaining in possession of mortgagor.

Georgia.—Must be recorded in the office of the clerk

of the superior court where the mortgagor resides, if he is a resident, and if he is not, then where the property is located. No renewal is necessary. Is valid as to third parties on stock of merchandise remaining in possession of the mortgagor and on after acquired property.

Idaho.—Must be recorded in office of recorder where the property is located. If the property is removed to another county, mortgage must be recorded within ten days. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor unless the proceeds of sale go to the mortgagee. Is not valid on after acquired property.

Illinois.—Must be recorded in the office of the recorder where the mortgagor resides. If the mortgagor does not reside in the state, must be recorded in the county where the property is located. Is valid until the debt matures or for three years if the debt has not matured, and within thirty days of the maturity of the debt or at the expiration of three years may be renewed by filing an affidavit showing the amount due. If the mortgagor resides in the state the mortgage must be acknowledged by a justice of the peace, in township where debtor resides. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor or on after acquired property.

Indiana.—Must be recorded within ten days in the office of the recorder where the mortgagor resides. Need not be renewed. Is valid as to third parties on stock of merchandise remaining in possession of mortgagor.

Indian Territory.—Must be filed or recorded with the clerk of the recording district where the property is located. If recorded, no renewal is necessary. If filed, it is not valid for more than one year unless within thirty days before the expiration of the year there has been filed an affidavit that the mortgage has not been paid. It is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor if the mortgagor acts as agent for the mortgagee.

Iowa.—Must be recorded in the office of the recorder where the mortgagor resides. On exempt property the wife must join except for the purchase price of the property. No renewal is necessary. It is valid as to third

parties on stock of merchandise remaining in the possession of the mortgagor and on after acquired property.

Kansas.—Must be filed with the register of deeds of the county where the property is located, and where the mortgagor resides if he resides within the state. It is valid for two years from the date of filing. Must be renewed within thirty days preceding expiration by affidavit showing the amount unpaid. Is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor if the mortgagor acts as agent for the mortgagee when sales are made. Also valid on after acquired property if the mortgage provides therefor.

Kentucky.—Must be recorded with the county clerk where the property is located. It is valid for five years after the maturity of the debt if no note has been given, and for fifteen years where a note has been given. No renewal is necessary. Is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor if the goods can be identified, but is not valid on after acquired property.

Louisiana.—Chattel mortgages are unknown in this state.

Maine.—Must be recorded in the office of the town clerk where the mortgagor resides, and if the mortgagor does not reside in the state must be recorded in the county where the property is situated. No renewal is necessary. Is valid as to third parties on stock of merchandise remaining in possession of the mortgagor, but is not valid on after acquired property.

Maryland.—Must be recorded within twenty days in the office of the clerk of the circuit court where the mortgagor resides, or if he does not reside in the state must be recorded in the county where the property is located. No renewal is necessary.

Massachusetts.—Must be recorded within fifteen days with the town clerk where the mortgagor resides. If the mortgagor is a non-resident, the mortgage must be recorded where the property is located. No renewal is necessary. Is valid as to third parties on stock of mer-

chandise remaining in possession of the mortgagor, but is not valid on after acquired property.

Michigan.—Must be filed with the city or town clerk where the mortgagor resides. Remains in force for one year, and must be renewed within thirty days preceding expiration by affidavit showing amount unpaid. Is valid as to third parties on stock of merchandise remaining in possession of the mortgagor and on after acquired property if the mortgage so provides.

Minnesota.—Must be filed with the city, town, or village clerk where the mortgagor resides and where the property is located. Remains in force for six years after filing as against creditors or subsequent mortgagees or purchasers. No renewal is necessary. Husband and wife must join, and two witnesses and an acknowledgment are necessary. Is not valid as to third parties on a stock of merchandise remaining in the possession of the mortgagor, but if the mortgage so recites it is valid on after acquired property.

Mississippi.—Must be recorded with the chancery clerk where the property is located. If property is removed, it must be re-recorded within one year. No renewal is necessary. It is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor, but is valid on after acquired property.

Missouri.—Must be filed or recorded with the record where the mortgagor resides. Is valid for five years if filed, and during the life of the debt if recorded. No renewal is necessary. Is not valid as to third parties on a stock of merchandise remaining in possession of the mortgagor unless the proceeds of sales go to the mortgagee in reducing the mortgage debt. It is not valid on after acquired property unless the mortgagee takes possession before creditors secure a lien.

Montana.—Must be filed with the county clerk where the mortgagor resides. If he does not reside in the state, must be filed in the county where the property is located. Is valid until sixty days after the debt matures, not exceeding, however, one year and sixty days. Must be renewed within sixty days after the debt becomes due by filing an affidavit in the office where the mortgage is filed, setting forth the amount due. Is valid as to

third parties on stock of merchandise remaining in possession of the mortgagor if made in good faith, and proceeds of the sale go to the mortgagee.

Nebraska.—Must be filed with the county clerk where the mortgagor resides, and if he does not reside in the state, must be filed in the county where the property is situated. Is valid for five years against others than the parties, but it is not valid as to third parties on stock of merchandise in possession of the mortgagor, or on after acquired property.

Nevada.—Must be recorded in the office of the recorder where the mortgagor resides and where the property is located. Remains in force for six years from maturity of the debt. No renewal is necessary. If the mortgage is recorded, it is valid as to third parties on stock of merchandise remaining in possession of the mortgagor.

New Hampshire.—Must be recorded with the town clerk where the mortgagor resides. If he does not reside in the state, must be recorded in the county where the property is situated. No renewal is necessary. Is not valid as to third parties on a stock of merchandise remaining in the possession of the mortgagor unless the proceeds of this sale go to the mortgagee in reduction of the mortgage debt.

New Jersey.—Must be recorded with the county clerk or register of deeds where the mortgagor resides. If he does not reside in the state, must be recorded in the county where the property is situated. Need not be renewed. If recorded, it is valid as to third parties on a stock of merchandise remaining in possession of the mortgagor. If the mortgage so provides it is valid on after acquired property.

New Mexico.—Must be filed or recorded with the probate clerk where the property is located. Remains in force for one year. Must be renewed within thirty days preceding its expiration by affidavit showing the amount unpaid. Crops can not be mortgaged until they have matured and are harvested. It is not valid as to third parties on a stock of merchandise remaining in possession of the mortgagor.

New York.—Must be filed with the register of New York City or the county clerk if in a county seat, otherwise with the town clerk where the mortgagor resides. If the mortgagor does not reside in the state, the mortgage must be filed in the county where the property is situated. Remains valid for one year as against subsequent mortgagors and purchasers. Must be renewed within thirty days preceding expiration by statement showing the amount due. Is not valid as to third parties on a stock of merchandise remaining in possession of the mortgagor unless the mortgagor is in possession as agent for the mortgagee and the sale is for his benefit. It is not valid on after acquired property.

North Carolina.—Must be recorded with the register of deeds where the mortgagor resides. If he does not reside in the state, must be recorded in the county where the property is located. No renewal is necessary. It is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor unless the mortgagor has possession as the mortgagee's agent and the proceeds go to the reduction of the mortgage debt. It is not valid on after acquired property.

North Dakota.—Must be recorded with the register of deeds where the property is located. Remains in force for three years. Must be renewed within ninety days preceding the expiration of three years by affidavit showing the amount unpaid. Is valid as to third parties on a stock of merchandise remaining in the possession of the mortgagor if the mortgagor is required to account to the mortgagee for the proceeds of the sale. It is also valid on after acquired property.

Ohio.—Must be filed with the township clerk, or the recorder, if in the county seat where the mortgagor resides. If the mortgagor does not reside in the state, must be filed in the county where the property is situated. Remains in force for one year. Must be renewed within thirty days after the expiration by an affidavit showing the amount unpaid. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor unless the mortgagee takes possession before the third party makes a levy or unless the mortgagor is by the terms of the mortgage

made agent for the mortgagee and required to account to the mortgagee for all sales. Is not valid on after acquired property unless the property is actually delivered to the mortgagee or the mortgagee takes possession before other rights intervene.

Oklahoma.—Must be filed with the register of deeds where the mortgagor resides if a resident of the state; if not, where the property is located. Remains in force for three years. Must be renewed within thirty days preceding expiration by affidavit showing the amount unpaid. It is valid as to third parties on stock of merchandise remaining in possession of the mortgagor, but is not valid on after acquired property.

Oregon.—Must be filed or recorded with the county clerk where the mortgagor resides. If he does not reside in the state, must be filed or recorded in the county where the property is located. Remains in force for one year and must be renewed within thirty days preceding expiration by affidavit showing the amount unpaid, unless it is executed and acknowledged as a real estate mortgage and recorded, in which case no renewal is required. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor or on after acquired property.

Pennsylvania.—Must be recorded with the county recorder or register where the mortgagor resides. If the mortgagor does not reside in the state, must be recorded in the county where the property is located. Only specific articles can be mortgaged. Must be renewed within three months after maturity. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor or on after acquired property.

Rhode Island.—Must be recorded with the town clerk where the mortgagor resides. If he does not reside in the state, must be recorded in the county where the property is located. No renewal is necessary. If properly recorded, it is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor, but is not valid on after acquired property as against creditors who secure a lien before the mortgagee takes possession.

South Carolina.—Must be recorded within forty days with the register of conveyances where the mortgagor resides. If he does not reside in the state, must be recorded in the county where the property is located. No renewal is necessary. It is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor and also on after acquired property.

South Dakota.—Must be filed with the register of deeds where property is located. Remains in force for three years. Must be renewed within thirty days preceding expiration by an affidavit showing the amount unpaid. It is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor, provided the mortgagor is required to account to the mortgagee for the proceeds of sales. It is also valid on after acquired property.

Tennessee.—Must be filed or recorded with the register of deeds where the mortgagor resides. If he does not reside in the state, must be filed or recorded in the county where the property is located. Remains in force for six years. Need not be renewed. Is not valid as to third parties on a stock of merchandise remaining in the possession of the mortgagor, nor on after acquired property.

Texas.—Must be filed with the county clerk where the mortgagor resides. If he does not reside in the state, must be filed in the county where the property is located. Need not be renewed. Is not valid as to third parties on stock of merchandise remaining in the possession of the mortgagor.

Utah.—Must be recorded in the office of the recorder where the mortgagor resides. If he does not reside in the state, must be recorded in the county where the property is located. Remains in force for one year. Must be renewed within thirty days after one year from filing by affidavit showing amount unpaid. It is not valid after five years. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor.

Vermont.—Must be recorded in the city or town clerk's office where the mortgagor resides. If he does not reside in the state, must be filed in the county

where the property is situated. Need not be renewed. It is valid as to third parties on stock of merchandise remaining in possession of the mortgagor. If possession is taken, it is valid on after acquired property.

Virginia.—Must be recorded in the county or city clerk's office where the property is located. Need not be renewed. Is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor unless the mortgagor has possession as mortgagee's agent, and the proceeds go to the reduction of the mortgage debt, but it is not valid on after acquired property.

Washington.—Must be filed and recorded with the county auditor where the property is located. Remains in force for two years if less than \$300; if over \$300, for the life of the debt. May be renewed within two years by an affidavit showing the amount unpaid. It is valid as to third parties on stock of merchandise remaining in possession of the mortgagor, but the mortgage should be so drawn that the mortgagor must apply sales in payment of mortgage debt. It is valid on after acquired property.

West Virginia.—Must be recorded with the county clerk where the property is located, and if property is removed must be re-recorded within three months. No renewal is necessary. It is not valid as to third parties on stock of merchandise remaining in possession of the mortgagor, nor is it valid on after acquired property.

Wisconsin.—Must be filed with the city or town clerk where the mortgagor resides. If he does not reside in the state, must be filed in county where property is located. Remains in force for two years. Must be renewed within thirty days preceding the expiration by an affidavit showing the amount unpaid. It is valid as to third parties on stock of merchandise remaining in possession of the mortgagor, provided sworn statements are filed every sixty days, showing amount of goods sold, amount added, and payment made on mortgage debt, but is not valid on after acquired property.

Wyoming.—Must be recorded in the county clerk's office where the property is located. Remains in force for two months after the debt is due. If property is

removed, mortgage must be re-recorded. Must be renewed within sixty days after maturity of the secured debt. It is valid as to third parties on stock of merchandise remaining in the possession of the mortgagor, provided the proceeds of the sales are applied to the debt secured. It is also valid on after acquired property.

ACKNOWLEDGEMENT OF DEEDS

An acknowledgment is the act of declaring the execution of an instrument, but the word also denotes the official certificate of such declaration. All deeds and conveyances of land to be effectual as to third parties must be recorded upon previous proof or acknowledgment of their execution. Erasures and interlineations should be noted previous to the execution, or referred to in the certificate of the officer taking the acknowledgment. It is advisable to comply with the form of acknowledgment prescribed by the statutes of the various states.

Within the several states acknowledgments may be taken in general before the following officers: Notaries public and justices of the peace generally within their territorial jurisdiction, and in any place of the state usually before judges and clerks of the supreme, circuit, probate, and county courts, judges of the United States courts, chancellors, registers, masters in chancery, and court commissioners; county recorders, town clerks and their assistants, United States commissioners, county surveyors, county auditors, registers of deeds, mayors, and clerks of incorporated cities may take acknowledgments within their jurisdiction; besides the foregoing, in several states also the deputies of the enumerated officers, and in Connecticut, commissioners of the school fund; in Louisiana, parish recorders and their deputies; in Maine, women appointed by the governor for that purpose; in Michigan, members of the legislature; in Mississippi, members of county board of supervisors; in Nebraska, the secretary of state; in New York, recorders of cities and commissioners of deeds; in Pennsylvania, mayors, recorders, and aldermen of Philadelphia, Pittsburgh, Allegheny, and Carbondale; in Rhode

Island, state senators; in Vermont, registers of probate; in West Virginia, prothonotaries; in Wisconsin, police justices.

Without the state and within the United States, the following officers are authorized to take acknowledgment: Judges and clerks of courts of record, notaries public, commissioners appointed for that purpose by the governors, and officers authorized to take acknowledgments within their respective states. Besides the foregoing, also, in Colorado, secretaries of state; in Delaware, mayors of cities; in Illinois, justices of the peace, commissioners of deeds, and mayors of cities; in Kentucky, secretaries of state; in Michigan and Wisconsin, master in chancery; in New Jersey, New York, North Carolina, Pennsylvania, and Rhode Island, mayors and chief magistrates of cities.

Without the United States, the following officers may take acknowledgment: Judges of courts of record, mayors or chief magistrates of cities, towns, boroughs, counties, notaries public, diplomatic, consular, or commercial agents of the United States resident and accredited in the country where the acknowledgment is taken.

The forms of deeds conveying land are prescribed by several states, and such forms should be generally used. The requisites of a valid deed are: (1) Competent parties; (2) consideration; (3) the deed must be reduced to writing; (4) it must be duly executed and delivered. The mode and effect of an acknowledgment or of a deed is governed by the law of the state where the land lies, and not by that of the place where the acknowledgment is taken. Where the deed is executed by an attorney in fact, it is customary to have the power of attorney acknowledged by the principal and the deed acknowledged by the attorney. A deed executed by several grantors should be acknowledged by each of them.

Seals or their equivalent (or whatever is intended as such) are necessary in Alaska, Connecticut, Delaware, District of Columbia, Florida, Idaho, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Vermont, Virginia, West Virginia, Wisconsin, Wyoming. In almost

all the states deeds by corporations must be under seal. Forms are prescribed or indicated by the statutes of most of the states except Connecticut, Florida, Louisiana. Separate acknowledgment by wife is required in Alaska, Arkansas, Delaware, District of Columbia, Florida, Georgia, Idaho, Kentucky, Louisiana, Montana, Nevada, New Jersey, North Carolina, Oregon, Pennsylvania, South Carolina, Tennessee, Texas. One witness to the execution of deeds is required in District of Columbia, Maine (customary), Maryland, Nebraska, New Jersey (usual), Oklahoma Territory, Utah, Wyoming. Two witnesses to the execution of deeds are required in Arkansas, Connecticut, Florida, Georgia, Louisiana, Michigan, Minnesota, New Hampshire, Ohio, Oregon, South Carolina, Texas, Vermont, Wisconsin.

WILLS

A will or testament is a final disposition of a person's property to take effect after his death. A codicil is an addition or alteration in such disposition. All persons are competent to make a will except idiots, persons of unsound mind, and infants. In many states a will of an unmarried woman is deemed revoked by her subsequent marriage. A nuncupative or unwritten will is one made by a soldier in active service, or by a mariner while at sea.

In most of the states a will must be in writing, signed by the testator, or by some person in his presence, and by his direction, and attested by witnesses, who must subscribe their names thereto in the presence of the testator. The form of wording a will is immaterial as long as its intent is clear.

Age at which persons may make wills is in most of the states 21 years. Males and females are competent to make wills at 18 years in the following states: California, Connecticut, Hawaiian Islands, Idaho, Montana, Nevada, North Dakota, Oklahoma Territory, South Dakota, Utah; and in the following states only females at 18 years: Colorado, District of Columbia, Illinois, Maryland, Missouri, Washington, Wisconsin.

In the following states persons of 18 years may dispose of personal property only: Alabama, Arkansas,

Missouri, Oregon, Rhode Island, Virginia, West Virginia; in Georgia any one over 14 years and in Louisiana any one over 16 years is competent to make a will. In Colorado persons of 17 years, and in New York males of 18 and females of 16 years may dispose of personalty. Witnesses.—Most of the states require two witnesses, except in Connecticut (3), District of Columbia (3), Maine (3), Massachusetts (3), New Hampshire (3), South Carolina (3), Vermont (3).

THE BANKRUPTCY LAW

Who May Become Bankrupts.—(a) Any person who owes debts, except a corporation, shall be entitled to the benefits of this act as a voluntary bankrupt. (b) Any natural person (except a wage-earner or a person engaged chiefly in farming or the tillage of the soil), any unincorporated company, and any corporation engaged principally in manufacturing, trading, printing, publishing, or mercantile pursuits, owing debts to the amount of one thousand dollars or over, may be adjudged an involuntary bankrupt upon default or an impartial trial, and shall be subject to the provisions and entitled to the benefits of this act. Private bankers, but not national banks or banks incorporated under state or territorial laws, may be adjudged involuntary bankrupts.

Duties of Bankrupts.—(a) The bankrupt shall (1) attend the first meeting of his creditors, if directed by the court or a judge thereof to do so, and the hearing upon his application for a discharge, if filed; (2) comply with all lawful orders of the court; (3) examine the correctness of all proofs of claims filed against his estate; (4) execute and deliver such papers as shall be ordered by the court; (5) execute to his trustee transfers of all his property in foreign countries; (6) immediately inform his trustee of any attempt, by his creditors or other persons, to evade the provisions of this act, coming to his knowledge; (7) in case of any person having to his knowledge proved a false claim against his estate, disclose that fact immediately to his trustee; (8) prepare, make oath to, and file in court within ten days, unless further time is granted, after the adjudica-

tion if an involuntary bankrupt, and with the petition if a voluntary bankrupt, a schedule of his property, showing the amount and kind of property, the location thereof, its money value in detail, and a list of his creditors, showing their residences, if known (if unknown that fact to be stated), the amount due each of them, the consideration thereof, the security held by them, if any, and a claim for such exemptions as he may be entitled to, all in triplicate, one copy of each for the clerk, one for the referee, and one for the trustee; and (9) when present at the first meeting of his creditors, and at such other times as the court shall order, submit to an examination concerning the conducting of his business, the cause of his bankruptcy, his dealings with his creditors and other persons, the amount, kind, and whereabouts of his property, and, in addition, all matters which may affect the administration and settlement of his estate; but no testimony given by him shall be offered in evidence against him in any criminal proceedings.

Provided, however, that he shall not be required to attend a meeting of his creditors, or at or for an examination at a place more than one hundred and fifty miles distant from his home or principal place of business, or to examine claims except when presented to him, unless ordered by the court, or a judge thereof, for cause shown, and the bankrupt shall be paid his actual expenses from the estate when examined or required to attend at any place other than the city, town, or village of his residence.

THE NEW DEPARTMENT OF COMMERCE AND LABOR

The Department of Commerce and Labor was established by Chapter 552 of the Acts of the Fifty-seventh Congress, approved February 14, 1903. The act provides that there shall be at the seat of government an executive department to be known as the Department of Commerce and Labor, headed by a Secretary of Commerce and Labor, appointed by the President at a salary of \$8,000 per annum. An assistant secretary at

\$5,000 a year, a chief clerk, a disbursing clerk, and other clerical assistants as authorized shall be appointed.

The duty of this department shall be to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, and shipping and fishing industries, the labor interests, and the transportation facilities of the United States. To this end there shall be transferred to the Department of Commerce and Labor from the jurisdiction of the Treasury Department, the Light-House Board and Establishment, the Steamboat-Inspection Service, the Bureau of Navigation, the United States Shipping Commissioners, the National Bureau of Standards, the Coast and Geodetic Survey, the Commissioner-General and Commissioners of Immigration and the Immigration Bureau and service at large and the Bureau of Statistics. From the Department of Interior the Census Office is transferred to the new department. The Department of Labor, the Fish Commission. The Bureau of Foreign Commerce of the Department of State shall also be transferred and made a part of the Bureau of Statistics before mentioned.

There shall also be created a Bureau of Manufactures to foster and promote that industry by compiling and publishing information concerning it at home and abroad, consular offices and agents to assist in gathering the material.

A Bureau of Corporations is also created to investigate the organization, conduct, and management of the business of any corporation, joint stock company, or corporate combination engaged in commerce among the several states and with foreign nations, except certain common carriers. The commissioner shall have for this purpose the powers conferred upon the Interstate Commerce Commission. It is also the duty of this bureau to gather, compile, publish, and supply useful information concerning corporations doing business in the United States, including insurance companies.

The heads of the new bureaus shall be appointed by the President at salaries of \$4,000 a year for the Bureau of Manufacture, and \$5,000 for the Bureau of Corporations, the latter to have a deputy at a salary of \$3,500.

The control of the salmon, seal, and other fisheries in Alaska and of the immigration of aliens into the United States is also to be transferred from the Treasury Department to the Department of Commerce and Labor.

The secretary of the department shall report in writing to Congress at the close of each fiscal year, enumerating receipts and disbursements, describing the work accomplished, and making recommendations. The President is authorized to transfer to the Department of Commerce and Labor at any time the whole or any part of any office or bureau engaged in scientific or statistical work in any of the other departments of the Government. The secretary of the new department shall also make special investigations and reports when requested by Congress or the President or which he himself may deem necessary and urgent.

PATENT OFFICE PROCEDURE

Patents are issued in the name of the United States, and under the seal of the Patent Office, to any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter or any new and useful improvement thereof, not known or used by others in this country before his invention or discovery thereof and not patented or described in any printed publication in this or any foreign country, before his invention or discovery thereof or more than two years prior to his application, and not in public use or on sale in the United States for more than two years prior to his application, unless the same is proved to have been abandoned; and by any person who, by his own industry, genius, efforts, and expense, has invented and produced any new and original design for a manufacture, bust, statue, alto-relievo, or bas-relief; any new ornamental and original design for an article of manufacture; the same not having been known nor used by others before his invention or production thereof, nor patented nor described in any printed publication, upon payment of the fees required by law and other due proceedings had.

Every patent contains a grant to the patentee, his heirs or assigns, for the term of seventeen years, ex-

cept in the case of design patents, of the exclusive right to make, use, and vend the invention or discovery throughout the United States and the territories referring to the specification for the particulars thereof.

If it appear that the inventor, at the time of making his application, believed himself to be the first inventor or discoverer, a patent will not be refused on account of the invention or discovery, or any part thereof, having been known or used in any foreign country before his invention or discovery thereof, if it had not been before patented or described in any printed publication.

Joint inventors are entitled to a joint patent; neither can claim one separately. Independent inventors of distinct and independent improvements in the same machine cannot obtain a joint patent for their separate inventions; nor does the fact that one furnishes the capital and another makes the invention entitle them to make application as joint inventors; but in such case they may become joint patentees.

No person otherwise entitled thereto will be debarred from receiving a patent for his invention or discovery, by reason of its having been first patented or caused to be patented by the inventor or his legal representatives or assigns in a foreign country, unless the application for said foreign patent was filed more than twelve months prior to the filing of the application in this country, in which case no patent shall be granted in this country.

Applications.—Applications for a patent must be made in writing to the Commissioner of Patents. The applicant must also file in the Patent Office a written description of the invention or discovery, and of the manner and process of making, constructing, compounding, and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art or science to which it appertains, or with which it is most nearly connected, to make, construct, compound, and use the same; and in case of a machine, he must explain the principle thereof, and the best mode in which he has contemplated applying that principle, so as to distinguish it from other inventions, and particularly point out and distinctly claim the part, improvement,

or combination which he claims as his invention or discovery. The specification and claim must be signed by the inventor and attested by two witnesses.

When the nature of the case admits of drawings, the applicant must furnish a drawing of the required size, signed by the inventor or his attorney in fact, and attested by two witnesses. In all cases which admit of representation by model, the applicant, if required by the Patent Office, shall furnish a model of convenient size to exhibit advantageously the several parts of his invention or discovery.

The applicant shall make oath that he verily believes himself to be the original and first inventor or discoverer of the art, machine, manufacture, composition, or improvement for which he solicits a patent; that he does not know and does not believe that the same was ever before known or used, and shall state of what country he is a citizen and where he resides. In every original application the applicant must distinctly state under oath that the invention has not been patented to himself or to others with his knowledge or consent in this or any foreign country for more than two years prior to his application, or on an application for a patent filed in any foreign country by himself or his legal representatives or assigns more than twelve months prior to his application in this country. If any application for patent has been filed in any foreign country by the applicant in this country or by his legal representatives or assigns, prior to his application in this country, he shall state the country or countries in which such application has been filed, giving the date of such application, and shall also state that no application has been filed in any other country or countries than those mentioned; that to the best of his knowledge and belief the invention has not been in public use or on sale in the United States nor described in any printed publication or patent in this or any foreign country for more than two years prior to his application in this country. Such oath may be made before any person within the United States authorized by law to administer oaths, or, when the applicant resides in a foreign country, before any minister, charge d'affaires, consul,

or commercial agent holding commission under the Government of the United States, or before any notary public of the foreign country in which the applicant may be, provided such notary is authorized by the laws of his country to administer oaths.

On the filing of such application and the payment of the fees required by law, if, on examination, it appears that the applicant is justly entitled to a patent under the law, and that the same is sufficiently useful and important, the commissioner will issue a patent therefor.

Every patent or any interest therein shall be assignable in law by an instrument in writing; and the patentee or his assigns or legal representatives may, in like manner, grant and convey an exclusive right under his patent to the whole or any specified part of the United States.

Reissues.—A reissue is granted to the original patentee, his legal representatives, or the assignees of the entire interest when, by reason of a defective or insufficient specification or by reason of the patentee claiming as his invention or discovery more than he had a right to claim as new, the original patent is inoperative or invalid, provided the error has arisen from inadvertence, accident, or mistake, and without any fraudulent or deceptive intention. Reissue applications must be made and the specifications sworn to by the inventors, if they be living.

Caveats.—A caveat, under the patent law, is a notice given to the office of the caveator's claim as inventor, in order to prevent the grant of a patent to another for the same alleged invention upon an application filed during the life of a caveat without notice to the caveator.

Any person who has made a new invention or discovery, and desires further time to mature the same, may, on payment of a fee of ten dollars, file in the Patent Office a caveat setting forth the object and the distinguishing characteristics of the invention, and praying protection of his right until he shall have matured his invention. Such caveat shall be filed in the confidential archives of the office and preserved in secrecy,

and shall be operative for the term of one year from the filing thereof. The caveat may be renewed, on request in writing, by the payment of a second fee of ten dollars, and it will continue in force for one year from the payment of such second fee.

The caveat must comprise a specification, oath, and, when the nature of the case admits of it, a drawing, and, like the application, must be limited to a single invention or improvement.

Fees.—Fees must be paid in advance, and are as follows: On filing each original application for a patent, \$15. On issuing each original patent, \$20. In design cases: For three years and six months, \$10; for seven years, \$15; for fourteen years, \$30. On filing each caveat, \$10. On every application for the reissue of a patent, \$30. On filing each disclaimer, \$10. For certified copies of patents and other papers in manuscript, ten cents per hundred words and twenty-five cents for the certificate, for certified copies of printed patents, eighty cents. For uncertified printed copies of specifications and drawings of patents, for single copies, or any number of unclassified copies, five cents each; for copies by subclasses, three cents each; by classes, two cents each, and for the entire set of patents issued, in one order, one cent each. For recording every assignment, agreement, power of attorney, or other paper, of three hundred words or under, \$1; of over three hundred and under one thousand words, \$2; of over one thousand words, \$3. For copies of drawings, the reasonable cost of making them. The Patent Office is prepared to furnish positive photographic copies of any drawing, foreign or domestic, in the possession of the office, in sizes and at rates as follows: Large size, 10x15 inches, twenty-five cents; medium size, 7x11 inches, fifteen cents. Fee for examining and registering trade mark, \$25, which includes certificate. Stamps cannot be accepted by the Patent Office in payment of fees. Stamps and stamped envelopes should not be sent to the office for replies to letters, as stamps are not required on mail matter emanating from the Patent Office.

COPYRIGHT LAW OF THE UNITED STATES

Section 4952 of the Revised Statutes of the United States, in force December 1, 1873, as amended by the act of June 18, 1874, as amended by the act of March 3, 1891, provides that the author, inventor, designer, or proprietor of any book, map, chart, dramatic or musical composition, engraving, cut, print, or photograph or negative thereof, or of a painting, drawing, chromo, statuary, and of models or designs intended to be perfected as works of the fine arts, and the executors, administrators, or assigns of any such person, shall, upon complying with the provisions of this chapter, have the sole liberty of printing, reprinting, publishing, completing, copying, executing, finishing, and vending the same; and, in the case of a dramatic composition, of publicly performing or representing it, or causing it to be performed or represented by others. And authors or their assigns shall have exclusive right to dramatize or translate any of their works for which copyright shall have been obtained under the laws of the United States.

Printed Title Required.—A printed copy of the title of the book, map, chart, dramatic or musical composition, engraving, cut, print, photograph, or chromo, or a description of the painting, drawing, statue, statuary, or model or design, for a work of the fine arts, for which copyright is desired, must be delivered to the Librarian of Congress, or deposited in the mail, within the United States, prepaid, addressed "Librarian of Congress, Washington, D. C." This must be done on or before day of publication in this or any foreign country.

The printed title required may be a copy of the title-page of such publications as have title-pages. In other cases, the title must be printed expressly for copyright entry, with name of claimant of copyright. The style of type is immaterial, and the print of a typewriter will be accepted. But a separate title is required for each entry. The title of a periodical must include the date and number; and each number of a periodical requires a separate entry of copyright. Blank forms of application are furnished.

Fees.—The legal fee for recording each copyright claim is 50 cents, and for a copy of this record (or certificate of copyright) under seal of the office an additional fee of 50 cents is required, making \$1 or \$1.50, if certificate is wanted, which will be mailed as soon as reached in the records. No money is to be placed in any package of books, music, or other publications. A money order or express order avoids all risk. In the case of publications which are the production of persons not citizens or residents of the United States, but who are citizens or subjects of any country with which the United States has copyright agreement, the fee for recording title is \$1, and 50 cents additional for a copy of the record. Certificates covering more than one entry in one certificate are not issued. Express orders, money orders, and currency only taken for fees. No postage stamps received.

Deposit of Copies.—No later than the day of publication in this country or abroad, two complete copies of the best edition of each book or other article must be delivered at the office of the Librarian of Congress, or deposited in the mail within the United States, addressed "Librarian of Congress, Washington, D. C.," to perfect the copyright.

The freight or postage must be prepaid, or the publications inclosed in parcels covered by printed penalty-labels, furnished by the Librarian, in which case they will come free by mail (not express), without limit of weight, according to rulings of the Postoffice Department. Books must be printed from type set in the United States or plates made therefrom; photographs from negatives made in the United States; chromos and lithographs from drawings on stone or transfers therefrom made in the United States. In the case of paintings, drawings, statuary, or models or designs for works of art, a photograph of the article is to be sent in lieu of the two copies. Without the deposit of copies required the copyright is void, and a penalty of \$25 is incurred. No copy is required to be deposited elsewhere.

The law requires one copy of each new edition

wherein any substantial changes are made to be deposited with the Librarian of Congress.

Notice of Copyright.—No person shall maintain an action for the infringement of a copyright unless notice is given by inserting in every copy published, on the title-page or the page following, if it be a book; or if a map, chart, musical composition, print, cut, engraving, photograph, painting, drawing, chromo, statue, statuary, or model or design intended to be perfected as a work of the fine arts, by inscribing upon some visible portion thereof, or on the substance on which the same is mounted, the following words, viz.: "Entered according to act of Congress, in the year —, by —, in the office of the Librarian of Congress, at Washington," or at the option of the persons entering the copyright, the words: "Copyright, 19—, by —."

The law imposes a penalty of \$100 upon any person who has not obtained copyright who shall insert the notice, "Entered according to act of Congress," or "Copyright," etc., or words of the same import, in or upon any book or other article, whether such article be subject to copyright or not.

Translations.—The copyright law secures to authors and their assigns the exclusive right to translate or to dramatize any of their works; no notice is required to enforce this right.

Duration of Copyright.—The original term of copyright runs for twenty-eight years. Within six months before the end of that time, the author or designer, or his widow or children, may secure a renewal for the further term of fourteen years, making forty-two in all.

Renewals.—Application for renewal must be accompanied by printed title and fee; and be explicit statement of ownership, in the case of the author, or of relationship, in the case of his widow or children, and must state definitely the date and place of entry of the original copyright. Within two months from date of renewal the record thereof must be advertised in an American newspaper for four weeks.

Time of Publication.—The time of publication is not limited by any law or regulation, but the courts have

held that it should take place "within a reasonable time." Registration of title may be secured for a projected as well as for a completed work. But the law provides for no caveat or notice of interference—only for actual entry of title.

Assignments.—Copyrights are assignable by any instrument of writing. Such assignment is to be recorded in the office of the Librarian of Congress within sixty days from execution, "in default of which it shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice." The fee for this record and certificate is \$1 and for a certified copy of any record of assignment \$1. A copy of the record (or duplicate certificate) of any copyright entry will be furnished, under seal of the office, at the rate of 50 cents each.

Infringement of Copyright.—Infringement is a very plain matter when the copyrighted work is simply reproduced. It becomes a complicated and difficult question when only extracts or quotations are made, or when resort is had to a book to make the public acquainted with its contents or to criticise its style or the substance of its thought. It has long been established that the identity of a literary work consists in its ideas and its language. The law does not protect an author against the use of his thoughts in a substantially different form. Unauthorized translation or dramatization of a copyrighted work is no infringement, nor is a true abridgement. An abridgement consists in a condensation of the author's language, and is substantially a different work. The rights of translation or dramatization may be, however, reserved by the author if he so desires.

Abridgment and Compilation.—In a compilation there is the act of taking the very words of the author, or with such slight changes as to show servile imitation, while abridgment, as before stated, consists in condensation and consequent rearrangement. The law at most tolerates the condensation and does not permit the copying of the author's words to such an extent as to do him substantial injury. Compilation is to some extent permitted in dictionaries, gazetteers, encyclo-

pedias, guide-books, etc., where the main design and execution of the work are novel. In works of this class the sources from which information is drawn are the same and the results must be very similar. Novelty and improvement in them in general consists in abridgment, changes in arrangement, more modern information, the correction of errors, etc.

Legal Remedies for Violation of Copyright.—When a copyright is violated the regular remedies are an action for damages or an injunction from a court of equity preventing the continuance of the acts of infringement. As incidental to this relief, the court may direct an account to be taken of the profits realized by the infringer. Where an infringement consists in making use of part of a copyrighted work in connection with other matter, the injunction will be so granted as to prevent the publication of that portion of the infringer's book which is open to objection, without reference to the fact that the order of the court may make the book, thus shorn of a portion of its contents, valueless. Severe penalties and forfeitures are also imposed by statute law upon persons who knowingly violate the provisions of the copyright acts.

LEGAL HOLIDAYS IN THE VARIOUS STATES

January 1. New Year's Day: In all the states (including the District of Columbia, Arizona, New Mexico, and Oklahoma), except Massachusetts, Mississippi, and New Hampshire.

January 8. Anniversary of the Battle of New Orleans: In Louisiana.

January 19. Lee's Birthday: In Florida, Georgia, North Carolina, South Carolina, Virginia, and Alabama.

February 16, 1904. Mardi-Gras: In Alabama and the parish of Orleans, Louisiana.

February 12. Lincoln's Birthday: In Connecticut, Delaware, Illinois, Minnesota, New Jersey, New York, North Dakota, Pennsylvania, Washington (state), and Wyoming.

February 22. Washington's Birthday: In all the states (including the District of Columbia, Arizona, and Oklahoma), except Mississippi, where it is observed by exercises in the public schools only.

March 2. Anniversary of Texan Independence: In Texas.

March 4, in the District of Columbia, when it falls on the day the president is inaugurated.

April 1, 1904. Good Friday: In Alabama, Delaware, Louisiana, Maryland, Pennsylvania, Tennessee.

April 19. Patriots' Day: In Massachusetts.

April 21. Anniversary of the Battle of San Jacinto: In Texas.

April 26. Confederate Memorial Day: In Alabama, Florida, Georgia and Mississippi.

May 10. Confederate Memorial Day: In North Carolina and South Carolina.

May (Second Friday). Confederate Day: In Tennessee.

May 20. Anniversary of the Signing of the Mecklenburg Declaration of Independence: In North Carolina.

May 30. Decoration Day: In all the states and territories (and District of Columbia) except Florida, Georgia, Idaho, Louisiana, Mississippi, North Carolina, South Carolina, Texas. In Virginia, known as "Confederate Memorial Day."

May (last Friday) Pioneer Day: In Montana, observed in public schools.

June (first Monday), even years, general state election in Oregon.

June 3. Jefferson Davis' Birthday: In Florida, Georgia and Alabama. In Louisiana, known as "Confederate Decoration Day."

July 4. Independence Day: In all the states, District of Columbia, and territories.

July 24. Pioneer's Day: In Utah.

August 16. Bennington Battle Day: In Vermont.

September 5, 1904. Labor Day: In all the states and territories (and District of Columbia), except Arizona,

Mississippi, Nevada and North Dakota. In Louisiana, observed in Orleans Parish.

September 9. Admission Day: In California.

November 1. All Saints' Day: In Louisiana.

November — General Election Day: In Arizona, California, Colorado, Delaware, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon (vote for presidential elections only), Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, West Virginia, Washington, Wisconsin and Wyoming, in the years when elections are held therein. In 1904 in states holding such elections the date was November 8.

November — 1905. Thanksgiving Day (usually the fourth Thursday in November): Is observed in all the states, and in the District of Columbia, Arizona, New Mexico and Oklahoma, though in some states it is not a statutory holiday.

December 25. Christmas Day: In all the states, and in the District of Columbia, Arizona, New Mexico and Oklahoma.

Sundays and fast days are legal holidays in all the states which designate them as such.

There are no statutory holidays in Mississippi, but by common consent the Fourth of July, Thanksgiving and Christmas are observed as holidays. In Kansas Decoration Day, Labor Day and Washington's Birthday are the only legal holidays by legislative enactment; other legal holidays are so only by common consent. In New Mexico, Washington's Birthday, Decoration Day, Labor Day, Flag Day (June 14), and Arbor Day are holidays when so designated by the governor.

Arbor Day is a legal holiday in Arizona, Maine, Minnesota, New Mexico, Wisconsin and Wyoming, the day being set by the governor; in Texas, February 22; Nebraska, April 22; Utah, April 15; Rhode Island, May 11; Montana, second Tuesday in May; Florida, first Friday in February; Georgia, first Friday in December; Colo-

rado (school holiday only), third Friday in April; in Oklahoma, the Friday following the second Monday in March.

Every Saturday after 12 o'clock noon is a legal holiday in New York, New Jersey, Pennsylvania, Maryland, Tennessee, Virginia, the District of Columbia, and the city of New Orleans, and in Newcastle county, Del., except in St. George's Hundred; in Louisiana and Missouri in cities of 100,000 or more inhabitants; in Ohio in cities of 50,000 or more inhabitants; and June 1 to August 31 in Denver, Col.

There is no national holiday, not even the Fourth of July. Congress has at various times appointed special holidays. In the second session of the Fifty-third congress it passed an act making Labor Day a public holiday in the District of Columbia, and it has recognized the existence of certain days as holidays for commercial purposes, but, with the exception named, there is no general statute on the subject. The proclamation of the president designating a day of Thanksgiving only makes it a legal holiday in the District of Columbia and the territories, and in those states which provide by law for it.

LABOR LEGISLATION

Anti-Boycotting and Anti-Blacklisting Laws.—The states having laws prohibiting boycotting in terms are Illinois and Indiana.

The states having laws prohibiting blacklisting in terms are Colorado, Connecticut, Florida, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Montana, Nevada, North Dakota, Oklahoma, Texas, Utah, Virginia, Washington and Wisconsin.

The following states have laws which may be fairly construed as prohibiting boycotting: Alabama, Connecticut, Florida, Georgia, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New York, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Vermont and Wisconsin.

The following states have laws which may be fairly construed as prohibiting blacklisting: Georgia, Michi-

gan, New Hampshire, New York, Oklahoma, Oregon, Rhode Island and South Dakota.

In the following states it is unlawful for any employer to exact an agreement, either written or verbal, from an employe not to join or become a member of any labor organization, as a condition of employment: California, Colorado, Connecticut, Idaho, Indiana, Kansas, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Porto Rico and Wisconsin.

EIGHT-HOUR LAWS

Arkansas.—Eight hours of labor constitute a day's work on public roads, highways and bridges.

California.—Eight hours of labor constitutes a day's work, unless it is otherwise expressly stipulated by the parties to a contract. The time of service of all laborers, workmen, and mechanics employed upon any public works of, or work done for, the state, or for any political sub-division thereof, whether the work is to be done by contract or otherwise, is limited and restricted to eight hours in any one calendar day, and a stipulation that no workman, laborer, or mechanic in the employ of the contractor or sub-contractor shall be required or permitted to work more than eight hours in any one calendar day, except in cases of extraordinary emergency, shall be contained in every contract to which the state or any political sub-division thereof is a party.

Colorado.—Eight hours constitutes a day's work for all workingmen employed by the state, or any county, township, school district, municipality, or incorporated town, and for workingmen in all underground mines or workings and in smelting and refining works.

Connecticut.—Eight hours of labor constitute a lawful day's work unless otherwise agreed.

District of Columbia.—Eight hours constitute a day's work for all laborers or mechanics employed by or on behalf of the District of Columbia.

Idaho.—Eight hours' actual work constitute a lawful day's work on all state, county and municipal works.

Illinois.—Eight hours are a legal day's work in all mechanical employments, except on farms, and when

otherwise agreed; does not apply to service by the day, week, or month, or prevent contracts for longer hours. Eight hours constitute a day's labor for persons assessed to work on public highways.

Indiana.—Eight hours of labor constitute a legal day's work for all classes of mechanics, workingmen and laborers, excepting those engaged in agricultural and domestic labor. Overwork by agreement and for extra compensation is permitted. The employment of persons under fourteen years of age for more than eight hours per day is absolutely prohibited.

Iowa.—Eight hours constitute a day's labor on public roads.

Kansas.—Eight hours constitute a day's work for all laborers, mechanics or other persons employed by or on behalf of the state or any county, city, township, or other municipality.

Maryland.—No mechanic or laborer employed by or on behalf of the city of Baltimore shall be required to work more than eight hours as a day's labor.

Massachusetts.—Eight hours shall constitute a day's work for all laborers, workmen, and mechanics employed by or on behalf of any city or town in the commonwealth upon acceptance of the statute by a majority of voters present and voting upon the same at any general election.

Minnesota.—Eight hours constitute a day's labor for all laborers, workmen and mechanics employed by or on behalf of the state, whether the work is done by contract or otherwise.

Missouri.—Eight hours constitute a legal day's work. The law does not prevent an agreement to work for a longer or a shorter time and does not apply to laborers and farm hands in the service of farmers or others engaged in agriculture. It is unlawful for employers to work their employes longer than eight hours per day in mines.

Montana.—Eight hours constitute a legal day's work for persons engaged to operate or handle any first-motion or direct-acting hoisting engine, or any geared or indirect-acting hoisting engine at any mine employing fifteen or more men underground when the duties of fireman are performed by the person so engaged; also for

any stationary engineer operating a stationary engine developing fifty or more horse-power when such engineer has charge or control of a boiler or boilers in addition to his other duties. The law applies only to such steam plants as are in continuous operation or are operated sixteen or more hours in each twenty-four hours, and does not apply to persons running any engine more than eight hours in each twenty-four for the purpose of relieving another employe in case of sickness or other unforeseen cause. Eight hours constitute a day's labor upon roads and highways.

Nebraska.—Eight hours constitute a day's work on public roads.

New Jersey.—Eight hours constitute a day's labor on any day whereon any general or municipal election shall be held.

New Mexico.—Eight hours are required as a day's labor on public roads and highways.

New York.—Eight hours constitute a day's work for all classes of employes, except in farm or domestic labor. Overwork for extra pay is permitted, except upon work by or for the state or a municipal corporation, or by contractors or sub-contractors therewith. The law applies to those employed by the state or municipality, or by persons contracting for state work, and each contract to which the state or a municipal corporation is a party shall contain a stipulation that no workman, laborer, or mechanic in the employ of the contractor, sub-contractor, etc., shall be permitted or required to work more than eight hours in any one calendar day, except in cases of extraordinary emergency.

Ohio.—Eight hours shall constitute a day's work in all engagements to labor in any mechanical, manufacturing, or mining business, unless otherwise expressly stipulated in the contract.

Oklahoma.—Eight hours constitute a day's labor on public highways.

Oregon.—Eight hours constitute a day's labor on public roads.

Pennsylvania.—Eight hours of labor shall be deemed and held to be a legal day's work in all cases of labor and service by the day where there is no agreement

or contract to the contrary. This does not apply to farm or agricultural labor or service by the year, month or week.

Eight hours out of the twenty-four shall make and constitute a day's labor for all mechanics, workmen, and laborers in the employ of the state, or of any municipal corporation therein, or otherwise engaged on public works; this shall be deemed to apply to mechanics, workingmen, or laborers in the employ of persons contracting with the state or any municipal corporation therein, for the performance of public work.

Porto Rico.—No laborer may be compelled to work more than eight hours per day on public works.

Tennessee.—Eight hours shall be a day's work upon the highways.

Texas.—Eight hours constitute a day's work on public highways.

Utah.—Eight hours constitute a day's work upon all public works and in all underground mines or workings, smelters and all other institutions for the reduction or refining of ores.

Washington.—Eight hours in any calendar day shall constitute a day's work on any work done for the state, county or municipality. In cases of extraordinary emergency overtime may be worked for extra pay.

West Virginia.—Eight hours shall constitute a day's work for all laborers, workmen and mechanics who may be employed by or on behalf of the state.

Wisconsin.—In all engagements to labor in any manufacturing or mechanical business, where there is no express contract to the contrary, a day's work shall consist of eight hours; but the law does not apply to contracts for labor by the week, month or year. In all manufactories, workshops or other places used for mechanical or manufacturing purposes, children under eighteen years of age and women may not be compelled to work over eight hours a day. Eight hours constitute a day's labor on public highways.

Wyoming.—Eight hours' actual work constitute a legal day's work in all mines, state and municipal works.

United States.—Eight hours shall constitute a day's work for all laborers, workmen, and mechanics who may be employed by or on behalf of the United States.

PASSPORT REGULATIONS

The rules governing the granting and issuing of passports in the United States are as follows:

By Whom Issued.—No one but the secretary of state may grant and issue passports in the United States.—Revised Statutes, secs. 4075, 4078.

A person entitled to receive a passport if temporarily abroad should apply to the diplomatic representative of the United States in the country where he happens to be; or, in the absence of a diplomatic representative, to the consul-general of the United States; or, in the absence of both, to the consul of the United States. The necessary statement may be made before the nearest consular officer of the United States.

Application by a person in one of the insular possessions of the United States should be made to the chief executive of such possession.

To Whom Issued.—The law forbids the granting of a passport to any person who is not a citizen of the United States.—Revised Statutes, sec. 4076.

A person who has only made the declaration of intention to become a citizen of the United States cannot receive a passport.

Applications.—A person who is entitled to receive a passport must make a written application, in the form of an affidavit, to the secretary of state.

The affidavit must be attested by an officer authorized to administer oaths, and if he has an official seal it must be affixed. If he has no seal, his official character must be authenticated by certificate of the proper legal officer.

If the applicant signs by mark, two attesting witnesses to his signature are required.

The applicant is required to state the date and place of his birth, his occupation, and the place of his permanent residence, and to declare that he goes abroad for temporary sojourn and intends to return to the United States with the purpose of residing and performing the duties of citizenship therein.

The applicant must take the oath of allegiance to the government of the United States.

The application must be accompanied by a description of the person applying, and should state the following particulars, viz.: Age, — years; stature, — feet — inches (English measure); forehead, —; eyes, —; nose, —; mouth, —; chin, —; hair, —; complexion, —; face, —.

The application must be accompanied by a certificate from at least one credible witness that the applicant is the person he represents himself to be, and that the facts stated in the affidavit are true to the best of the witness's knowledge and belief.

Native Citizens.—An application containing the information indicated by rule 3 will be sufficient evidence in the case of native citizens.

A Person Born Abroad Whose Father Was a Native Citizen of the United States.—In addition to the statements required by rule 3, his application must show that his father was born in the United States, has resided therein, and was a citizen at the time of the applicant's birth. The department may require that this affidavit be supported by that of one other citizen acquainted with the facts.

Naturalized Citizens.—In addition to the statements required by rule 3, a naturalized citizen must transmit his certificate of naturalization, or a duly certified copy of the court record thereof, with his application. It will be returned to him after inspection. He must state in his affidavit when and from what port he emigrated to this country, what ship he sailed in, where he has lived since his arrival in the United States, when and before what court he was naturalized, and that he is the identical person described in the certificate of naturalization. The signature to the application should conform in orthography to the applicant's name as written in the naturalization paper, which the department follows.

Woman's Application.—If she is unmarried, in addition to the statements required by rule 3, she should state that she has never been married. If she is the wife of a native citizen of the United States the fact should be made to appear in her application. If she is the wife or widow of a naturalized citizen, in addition

to the statements required by rule 3, she must transmit for inspection her husband's certificate of naturalization, must state that she is the wife (or widow) of the person described therein, and must set forth the facts of his emigration, naturalization, and residence, as required in the rule governing the application of a naturalized citizen.

The Child of a Naturalized Citizen Claiming Citizenship Through the Naturalization of the Parent.—In addition to the statements required by rule 3, the applicant must state that he or she is the son or daughter, as the case may be, of the person described in the certificate of naturalization, which must be submitted for inspection, and must set forth the facts of emigration, naturalization, and residence, as required in the rule governing the application of a naturalized citizen.

A Resident of an Insular Possession of the United States Who Owes Allegiance to the United States.—In addition to the statements required by rule 3, he must state that he owes allegiance to the United States and that he does not acknowledge allegiance to any other government; and must submit an affidavit from at least two credible witnesses having good means of knowledge in substantiation of his statements of birth, residence, and loyalty.

Expiration of Passport.—A passport expires two years from the date of its issuance. A new one will be issued upon a new application, and if the applicant be a naturalized citizen, the old passport will be accepted in lieu of a certificate of naturalization, if the application upon which it was issued is found to contain sufficient information as to the naturalization of the applicant.

Wife, Minor Children and Servants.—When the applicant is accompanied by his wife, minor children, or servant who would be entitled to receive a passport, it will be sufficient to state the fact, giving the respective ages of the children and the allegiance of the servant, when one passport will suffice for all. For any other person in the party a separate passport will be required. A woman's passport may include her minor

children and servant under the above-named conditions.

Professional Titles.—They will not be inserted in passports.

Fee.—By act of congress approved March 23, 1888, a fee of one dollar is required to be collected for every citizen's passport. That amount in currency or postal money order should accompany each application made by a citizen of the United States. Orders should be made payable to the disbursing clerk of the department of state. Drafts or checks will not be accepted.

Visas of Passports.—They will not be procured by the department of state from the representatives of foreign governments.

Blank Forms of Application.—They will be furnished by the department to persons who desire to apply for passports, but are not furnished, except as samples, to those who make a business of procuring passports.

Address.—Communications should be addressed to the department of state, passport bureau, and each communication should give the postoffice address of the person to whom the answer is to be directed.

Rejection of Application.—The secretary of state may refuse to issue a passport to any one who, he has reason to believe, desires it for an unlawful or improper purpose, or who is unable or unwilling to comply with the rules.

NATURALIZATION LAWS OF THE UNITED STATES

The conditions under and the manner in which an alien may be admitted to become a citizen of the United States are prescribed by sections 2165-74 of the Revised Statutes of the United States.

Declaration of Intentions.—The alien must declare upon oath before a circuit or district court of the United States or a district or supreme court of the territories, or a court of record of any of the states having common law jurisdiction and a seal and clerk, two years at least prior to his admission, that it is, bona fide, his intention to become a citizen of the

United States, and to renounce forever all allegiance and fidelity to any foreign prince or state, and particularly to the one of which he may be at the time a citizen or subject.

Oath on Application for Admission.—He must at the time of his application to be admitted declare on oath, before some one of the courts above specified, "that he will support the Constitution of the United States, and that he absolutely and entirely renounces and abjures all allegiance and fidelity to every foreign prince, potentate, state or sovereignty, and particularly, by name, to the prince, potentate, state, or sovereignty of which he was before a citizen or subject," which proceedings must be recorded by the clerk of the court.

Conditions for Citizenship.—If it shall appear to the satisfaction of the court to which the alien has applied that he has made a declaration to become a citizen two years before applying for final papers, and has resided continuously within the United States for at least five years, and within the state or territory where such court is at the time held one year at least; and that during that time "he has behaved as a man of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the same," he will be admitted to citizenship. If the applicant has borne any hereditary title or order of nobility he must make an express renunciation of the same at the time of his application.

Soldiers.—Any alien of the age of twenty-one years and upward who has been in the armies of the United States, and has been honorably discharged therefrom, may become a citizen on his petition, without any previous declaration of intention, provided that he has resided in the United States at least one year previous to his application, and is of good moral character. (It is judicially decided that residence of one year in a particular state is not requisite.)

Minors.—Any alien under the age of twenty-one years who has resided in the United States three years next preceding his arriving at that age, and who has continued to reside therein to the time he may make appli-

cation to be admitted a citizen thereof, may, after he arrives at the age of twenty-one years, and after he has resided five years within the United States, including the three years of his minority, be admitted a citizen; but he must make a declaration on oath and prove to the satisfaction of the court that for two years next preceding it has been his bona fide intention to become a citizen.

Children of Naturalized Citizens.—The children of persons who have been duly naturalized, being under the age of twenty-one years at the time of the naturalization of their parents, shall, if dwelling in the United States, be considered as citizens thereof.

Citizens' Children Who Are Born Abroad.—The children of persons who now are or have been citizens of the United States are, though born out of the limits and jurisdiction of the United States, considered as citizens thereof.

Chinese.—The naturalization of Chinamen is expressly prohibited by section 14, chapter 126, laws of 1882.

Protection Abroad to Naturalized Citizens.—Section 2,000 of the Revised Statutes of the United States declares that "all naturalized citizens of the United States while in foreign countries are entitled to and shall receive from this government the same protection of persons and property which is accorded to native-born citizens."

The Right of Suffrage.—The right to vote comes from the state, and is a state gift. Naturalization is a Federal right and is a gift of the Union, not of any one state. In nearly one-half of the Union aliens (who have declared intentions) vote and have the right to vote equally with naturalized or native-born citizens. In the other half only actual citizens may vote. (See Table of Qualifications for Voting in each State, on another page.) The Federal naturalization laws apply to the whole Union alike, and provide that no alien may be naturalized until after five years' residence. Even after five years' residence and due naturalization he is not entitled to vote unless the laws of the state confer the privilege upon him, and he may vote in sev-

eral states six months after landing, if he has declared his intention, under United States law, to become a citizen.

Inhabitants of the New Insular Possessions.—The inhabitants of Hawaii were declared to be citizens of the United States under the act of 1900 creating Hawaii a territory. Under the United States supreme court decision in the insular cases, in May, 1901, the inhabitants of the Philippines and Porto Rico are entitled to full protection under the Constitution, but not to the privileges of United States citizenship until congress so decrees, by admitting the countries as states or organizing them as territories.

DOMESTIC RATES OF POSTAGE

All mailable matter for transmission by the United States mails within the United States is divided into four classes, under the following regulations. (Domestic rates apply to Canada, Mexico, Cuba, Tutuila, Porto Rico, Guam, Hawaii, the Philippines, and certain places in China served through the United States postal agency at Shanghai.)

First-Class Matter.—This class includes letters, postal cards, "post cards," and anything sealed or otherwise closed against inspection, or anything containing writing not allowed as an accompaniment to printed matter under class three.

Rates of letter postage to any part of the United States, two cents per ounce or fraction thereof.

Rates on local or drop letters at free delivery offices, two cents per ounce or fraction thereof.

Rates on postal cards, one cent (double or "reply" cards, two cents). Nothing must be added or attached to a postal card, except that a printed address slip not larger than 2 inches by $\frac{3}{4}$ of an inch may be pasted on the address or message side. The addition of anything else subjects the card to letter postage. A card containing any threat, offensive dun, or any scurrilous or indecent communication will not be forwarded. Words on a postal card indicating the occupation of the addressee, used to better identify him, are regarded

as a part of the address; anything more—as the repetition of the words on a postal card, etc., business or the several capacities in which the addressee serves, the various kinds of goods dealt in, and similar attempts at advertising—on the address side of the postal card is not regarded as a “proper description of the person,” and will subject the postal card to the letter rate. Cards that have been spoiled in printing or otherwise will be redeemed from the original purchasers at 75 per cent of their face value, if un mutilated.

“Private Mailing Cards,” “Post Cards,” bearing written messages may be transmitted in the domestic mails at the rate of a cent apiece, stamps to be affixed by the sender; such cards to be sent openly in the mails.

Rates on specially delivered letters, ten cents on each letter in addition to the regular postage. This entitles the letter to immediate delivery by special messenger. Special delivery stamps are sold at postoffices, and must be affixed to such letters. An ordinary ten-cent stamp affixed to a letter will not entitle it to special delivery. The delivery, at carrier offices, extends to the limits of the carrier routes. At non-carrier offices it extends to one mile from the postoffice. Postmasters are not obliged to deliver beyond these limits, and letters addressed to places beyond must await delivery in the usual way, notwithstanding the special delivery stamp.

Prepayment by stamps invariably required. Postage on all letters should be fully prepaid, but if prepaid one full rate and no more they will be forwarded, and the amount of deficient postage collected on delivery; if wholly unpaid, or prepaid with less than one full rate and deposited at a postoffice, the addressee will be notified to remit postage; and if he fails to do so, they will be sent to the dead letter office; but they will be returned to the sender if he is located at the place of mailing, and if his address be printed or written upon them.

Letter rates are charged on all productions by the typewriter or manifold process, and on all printed imitations of typewriting or manuscript, unless such reproductions are presented at postoffice windows in the

minimum number of twenty identical copies separately addressed.

Letters (but no other class of mail matter) will be returned to the sender free, if a request to that effect is printed or written on the envelope. There is no limit of weight for first-class matter fully prepaid.

Prepaid letters will be reforwarded from one post-office to another upon the written request of the person addressed, without additional charge for postage. The direction on forwarded letters may be changed as many times as may be necessary to reach the person addressed.

Second-Class Matter.—This class includes all newspapers and periodicals exclusively in print that have been "Entered as second-class matter" and are regularly issued at stated intervals as frequently as four times a year, from a known office of publication or news agency, to actual subscribers or news agents, and transient newspapers and publications of this class mailed by persons other than publishers. Publications having the characteristics of books and such as are not subscribed for on account of their literary merits, but because of other inducements, are not eligible to second-class privileges. Also periodical publications of benevolent and fraternal societies, organized under the lodge system and having a membership of a thousand persons, and of the bulletins and proceedings of strictly professional, literary, historical, and scientific associations and institutions, trade unions, etc., provided only that these be published at stated intervals not less than four times a year, and that they be printed on and be bound in paper. Publishers who wish to avail themselves of the privileges of the act are required to make formal application to the department through the postmaster at the place of publication, producing satisfactory evidence that the organizations represented come within the purview of the law, and that the object of the publications is to further the objects and purposes of the organizations.

Rates of postage to publishers, one cent a pound or fractional part thereof, prepaid in currency. Publications designed primarily for advertising or free circu-

lation, or not having a legitimate list of subscribers, are excluded from the pound rate, and pay third-class rates.

Second-class publications must possess legitimate subscription lists approximating 50 per cent of the number of copies regularly issued and circulated by mail or otherwise. Unless they do pound-rate privileges are revoked or withheld.

Whenever the general character and manner of issue of a periodical publication is changed in the interest of the publisher, or of advertisers or other persons, by the addition of unusual quantities of advertisements, or of matter different from that usually appearing in the publication, or calculated to give special prominence to some particular business or businesses, or otherwise—especially where large numbers of copies are circulated by or in the interest of particular persons—the second-class rates of postage will be denied that issue; and if there be repeated instances of such irregularities, the publication will be excluded from the mails as second-class matter.

Such "Christmas," "New Year's," and other special issues, including "Almanacs," as are excluded from second-class privileges by the terms above specified may be transmitted by mail only when prepaid by postage stamps at the rate applicable to third-class matter—one cent for each two ounces or fraction thereof.

Publications sent to actual subscribers in the county where published are free, unless mailed for local delivery at a letter-carrier office.

Rates of postage on transient newspapers, magazines, or periodicals, one cent for each four ounces or fraction thereof. It should be observed that the rate is one cent for each four ounces, not one cent for each paper contained in the same wrapper. This rate applies only when a complete copy is mailed. Parts of second-class publications or partial or incomplete copies are third-class matter. Second-class matter will be entitled to special delivery when special delivery ten-cent stamps are affixed in addition to the regular postage.

Transient second-class matter must be so wrapped as to enable the postmaster to inspect it. The sender's

name and address may be written in them, but any other writing subjects the matter to letter postage. The name and address of the sender may also be written on the wrapper.

Third-Class Matter.—Mail matter of the third class includes printed books, pamphlets, engravings, circulars in print (or by the hectograph, electric-pen, or similar process when at least twenty identical copies, separately addressed, are mailed at postoffice windows at one time), and other matter wholly in print, proof-sheets, corrected proof-sheets, and manuscript copy accompanying the same.

The rate on matter of this class is one cent for each two ounces or fraction thereof.

Manuscript unaccompanied by proof-sheets must pay letter rates.

Third-class matter must admit of easy inspection, otherwise it will be charged letter rates on delivery. It must be fully prepaid, or it will not be forwarded.

The limit of weight is four pounds, except single books in separate packages, on which the weight is not limited. It is entitled, like matter of the other classes, to special delivery when special delivery stamps are affixed in addition to the regular postage.

Upon matter of the third-class, or upon the wrapper or envelope inclosing the same, or the tag or label attached thereto, the sender may write his own name, occupation, and residence or business address, preceded by the word "from," and may make marks other than by written or printed words to call attention to any word or passage in the text, and may correct any typographical errors. There may be placed upon the blank leaves or cover of any book, or printed matter of the third-class, a simple manuscript dedication or inscription not of the nature of a personal correspondence. Upon the wrapper or envelope of third-class matter, or the tag or label attached thereto, may be printed any matter mailable as third-class, but there must be left on the address side a space sufficient for the legible address and necessary stamps.

Fourth-Class Matter.—Fourth-class matter is all mailable matter not included in the three preceding classes

which is so prepared for mailing as to be easily withdrawn from the wrapper and examined. It embraces merchandise and samples of every description, and coin or specie.

Rate of postage, one cent for each ounce or fraction thereof (except seeds, roots, bulbs, cuttings, scions, and plants, the rate on which is one cent for each two ounces or fraction thereof.) This matter must be fully prepaid, or it will not be forwarded. The affixing of special delivery ten-cent stamps in addition to the regular postage entitles fourth-class matter to special delivery. (See remarks under "first-class matter.")

Articles of this class that are liable to injure or deface the mails, such as glass, sugar, needles, nails, pens, etc., must be first wrapped in a bag, box or open envelope and then secured in another outside tube or box, made of metal or hard wood, without sharp corners or edges, and having a sliding clasp or screw lid, thus securing the articles in a double package. The public should bear in mind that the first object of the department is to transport the mails safely, and every other interest is made subordinate.

Such articles as poisons, explosives, or inflammable articles, live animals, insects, fruits or vegetable matter liable to decomposition, or substances exhaling a bad odor will not be forwarded in any case.

Firearms may only be sent in detached parts.

The regulations respecting the mailing of liquids are as follows: Liquids, not ardent, vinous, spirituous, or or malt, and not liable to explosion, spontaneous combustion, or ignition by shock or jar, and not inflammable (such as kerosene, naphtha, or turpentine), may be admitted to the mails for transportation within the United States. Samples of altar or communion wine are mailable. When in glass bottles or vials, such bottles or vials must be strong enough to stand the shock of handling in the mails, and must be inclosed in a metal, wooden, or papier-mache block or tube, not less than three-sixteenths of an inch thick in the thinnest part, strong enough to support the weight of mails piled in bags and resist rough handling; and there must be provided, between the bottle and said block or tube, a

cushion of cotton, felt or some other absorbent sufficient to protect the glass from shock in handling; the block or tube to be impervious to liquids, including oils, and closed by a tightly fitting lid or cover, so adjusted as to make the block or tube water tight and to prevent the leakage of the contents in case of breaking of the glass. When inclosed in a tin cylinder, metal case, or tube, such cylinder, case, or tube should have a lid or cover so secured as to make the case or tube water tight, and should be securely fastened in a wooden or papier-mache block (open only at one end), and not less in thickness and strength than above described. Manufacturers or dealers intending to transmit articles or samples in considerable quantities should submit a sample package, showing their mode of packing, to the postmaster at the mailing office, who will see that the conditions of this section are carefully observed. The limit of admissible liquids and oils is not exceeding four ounces, liquid measure.

Limit of weight of fourth-class matter (excepting liquids), four pounds.

The name and address of the sender, preceded by the word "from," also any marks, numbers, names, or letters for the purpose of description, such as prices, quantity, etc., may be written on the wrapper of fourth-class matter without additional postage charge. A request to the delivering postmaster may also be written asking him to notify the sender in case the package is not delivered.

Registration.—All kinds of postal matter may be registered at the rate of eight cents for each package in addition to the regular rates of postage, to be fully prepaid by stamps. Each package must bear the name and address of the sender, and a receipt will be returned from the person to whom addressed. Mail matter can be registered at all postoffices in the United States.

An indemnity—not to exceed \$25 for any one registered piece, or the actual value of the piece, if it is less than \$25—shall be paid for the loss of first-class registered matter.

Domestic Money Orders.—Domestic money orders are issued by money-order postoffices for any amount up to \$100, at the following rates.:

For sums not exceeding \$2.50, 3 cents; over \$2.50 to \$5, 5 cents; over \$5 to \$10, 8 cents; over \$10 to \$20, 10 cents; over \$20 to \$30, 12 cents; over \$30 to \$40, 15 cents; over \$40 to \$50, 18 cents; over \$50 to \$60, 20 cents; over \$60 to \$75, 25 cents; over \$75 to \$100, 30 cents.

Stamped Envelopes.—Embossed stamped envelopes and newspaper wrappers of several denominations, sizes, and colors are kept on sale at postoffices, singly or in quantities, at a small advance on the postage rate. Stamps cut from stamped envelopes are valueless; but postmasters are authorized to give good stamps for stamped envelopes or newspaper wrappers that may be spoiled in directing, if presented in whole condition and with satisfactory evidence.

All matter concerning lotteries, gift concerts, or schemes devised to defraud the public, or for the purpose of obtaining money under false pretences, is denied transmission in the mails.

Applications for the establishment of post-offices should be addressed to the First Assistant Postmaster-General, accompanied by a statement of the necessity therefor. Instructions will then be given and blanks furnished to enable the petitioners to provide the department with the necessary information.

The franking privilege was abolished July 1, 1873, but the following mail matter may be sent free by legislative saving clauses, viz:

(1) All public documents printed by order of congress, the Congressional Record and speeches contained therein, franked by members of congress, or the secretary of the senate, or clerk of the house. (2) Seeds transmitted by the secretary of agriculture, or by any member of congress, procured from that department. (3) Letters and packages relating exclusively to the business of the government of the United States, mailed only by officers of the same, publications required to be mailed to the librarian of congress by the copyright law, and letters and parcels mailed by the Smithsonian

Institution. All these must be covered by specially printed "penalty" envelopes or labels. (4) The vice-president, members and members-elect and delegates and delegates-elect to congress may frank any mail matter, not over two ounces in weight, upon official or departmental business.

All communications to government officers and to members of congress are required to be prepaid by stamps.

RATES OF POSTAGE TO REPUBLIC OF PANAMA.

Letters, 5 cents for each half ounce or fraction of half ounce.

Postal cards, single, 2 cents; with paid reply, 4 cents each.

Prints, 1 cent for each weight of two ounces or fraction of two ounces.

Commercial papers, 1 cent for each weight of two ounces or fraction of two ounces, with a minimum charge of 5 cents.

Samples of merchandise, 1 cent for each weight of two ounces or fraction of two ounces, with a minimum charge of 2 cents. Registration fee, 8 cents.

BOOK II

BUSINESS METHODS

CORRESPONDENCE

The importance of letter writing, while considered of theoretical value by many business men, is often viewed from the standpoint that they themselves write a good letter and should be therefore slow to change their individual style to conform to another standard than their own. The test of a business letter as of an ad, is, does it do the thing required of it, i. e., get the business in the best possible manner and to the best advantage,—and, the business having been secured,—it becomes the additional function of the correspondence to cultivate it and “keep it coming.”

ELEMENTS OF A GOOD BUSINESS LETTER.

The essentials which go to make up a good business letter may be divided into two classes—mechanical make-up, and contents. Before a letter can come into existence the mechanical side must be attended to. The subject matter may be pertinent and well composed and yet the letter itself be so arranged typographically and so disposed on the page that the unity of the whole is lost. The display as a whole should balance. Before the stenographer starts the address, calculation should be made as to how many lines the letter will run and as to how it should be disposed on the page. The body of the letter should neither be crowded near the top nor bottom of the sheet, but should be so placed that, viewed in connection with the letter head, it presents a well balanced and artistic effect. This effect is often underrated, being in fact passed by without a thought by the average stenographer, and the ordinary business man is so busy seeing that his dictation is correctly transcribed that he gives little thought to this essential. Harmony of color effect should be observed. A yellow paper bearing the firm announcement in blue, the letter in green and signed with purple ink is not to be recommended.

Letters blurred in copying and wet from the press or otherwise violating the rule of neatness cannot help but produce an unfavorable impression. Orthography and capitalization, particularly of proper names, should be exact and uniform. A misspelled word in the body of a letter, particularly if a mere transposition of letters in typewriting, may occasionally slip in and do no particular damage, but the misspelling of the name of the party addressed may lose an order, and cannot help but militate against the general effect of the letter. Neatness—uncompromising neatness—that should be the first effect of a letter, giving the idea that the firm putting out the writing is thorough master of the minor (as well as the major) details of its business.

Contents.—In letter-writing, contents may be divided into subject matter and expression. The subject matter is, broadly speaking, what the writer says. This should coincide with two other things—(1) what the writer wants to say, and (2) what the one addressed wants to know. Something which is the a b c of life and a mere matter of routine to the writer in a certain line may be abstruse and complicated to a non-technical reader. To avoid an offensive simplicity of language on the one hand and excessive technicality on the other is one of the tests of a good business correspondent. There is a tendency to slight simple questions asked by different inquirers day after day, which must be avoided by putting oneself in the place of the one asking the question, and giving the knowledge for which he is looking.

One of the most, if not the most, important essentials of a good business letter lies in correct expression. The one thing which causes more failures in business correspondence than any other, is the incorporation of personal peculiarities in a letter. There may be called to mind, in fact, more than one established business backed by ample capital, having a broad field and financed by capable and conservative business men, that is at the mercy of a poor correspondent. This is ably expressed by Forrest Crissy, who says:

“So apparent must be the importance of this branch (tact and tone in business letters) of business system-

atization, that scarcely a word of argument is needed to enforce its necessity. Very recently a large wholesale merchant said to me: 'I have recently been obliged to discharge the head of my credit department—my confidential man. He is honest, conservative and shrewd, but recently I have been awakened to the fact that his incapacity to write a letter which does not leave a sting, a chill, or at least a sense of lofty indifference, is hurting my business more than would some downright reckless blunders. When he writes a letter granting a good customer a larger line of credit he gives it a twist that somehow makes that customer wish he hadn't asked for credit and thus placed himself under added obligations. And if he refuses to meet the request for such a favor the refusal is so put that it seems a studied effort to conceal a strong unwillingness to give any credit at all. Yet this man has always considered himself an adept in letter-writing—and for a time he completely hypnotized me into that view. But at last the steady withdrawal of patronage and the occasional outspoken retorts which his letters provoked forced upon me a recognition of the real condition of affairs. Then I went out after a man who could write a business letter that had just the right ring to it; that was neither so sloppy that it sounded hypocritical or so stiff and stilted that there was no tone of good hearty business friendliness in it. I have found him. He comes high, but the difference in results is remarkable. Of course, there are other things required than this form of literary ability—if that's what you'd call it. He must have business experience, business judgment and all the other cardinal business virtues; but the addition of this peculiar capacity to write business letters that hit the mark is a rare gift and makes him a star man.' "

Simplicity and clearness as an element of expression cannot be rated too highly. The saying of a thing in the plain language of the common people, not only adds to the style and dignity of a letter, but has the most vital element of being understandable. As Chas. R. Weirs says, "Eloquence, either real or imaginary, has no place in a business letter."

Whatever else may be neglected in writing, courtesy

should not be slighted. A man may be told nearly anything face to face—it is qualified by the bearing, tone of voice, manner and earnestness of the speaker. A sentence may be given an entirely different meaning by a tone or gesture—it may even be diplomatically changed after partly spoken, to make it conform to the unconscious demand of the listener, and most of all—spoken speech is transient. What is written, on the other hand, is put down in black and white to stay. The record is permanent. It can be offered in evidence, can be dug up years afterwards from a musty file, and discourteously written can queer, not only an immediate sale, but the sales of a decade.

Length.—Letters often tend to verbosity from the fact that they are dictated instead of written. Were a man to write his letters himself with pen and ink he would study brevity and conciseness of expression, but having letters written for him, he will dictate more than he would write. Brevity is not always desirable. Some people—particularly those receiving few letters—like to receive lengthy correspondence. Getting few letters, they wish those long and newsy. A letter is an event to some patrons and cannot be too long for a careful perusal. In this class of letters the party addressed may be often appealed to in conversational style; as, "Judge of the goods yourself, Mr. Brown," "We ask you, Mr. Smith, if we have not treated you fairly?" etc. At the other extreme is the business man, particularly the city business man. To him, brevity to the point of curtness is always welcome. As someone has alliteratively said, the formula for a business letter to a busy man is: Sir: Say it. Stop!

Judging the Other Man's Letter.—One of the prerequisites of a good correspondent is the ability, inherent or acquired to judge the general character and status of the writer by means of his letters. Until the last few years the letter-head of a firm was a considerable guide to the standing of the company putting it out, but good printing is now much more common and many one-horse concerns put out conservative, well-gotten-up stationery. Ability to recognize the efforts of an amateur or schoolboy inquiring for a cata-

log with no intention of buying and to treat the writer accordingly, call for almost occult powers. The president of one of the large machinery companies putting out a cement mixer selling at \$850.00, relates that one of the company travelers visited Detroit in response to an apparently good lead and found a twelve-year-old boy wanted a dozen cement mixers "to go into the mail-order business with." Some companies putting out expensive catalogs write a letter asking a doubtful inquirer to fill out an information blank before sending a catalog. The correct interpretation of the personality of a writer means the saving of dollars of expenditure as well as the ability to write him correctly. In a fire insurance concern employing hundreds of agents it would be easy for a manager to inform himself through his special agents as to each agent's nationality, education, experience in the business, etc., and vary his correspondence accordingly, while a mail-order house might have no means of judging a man but by his bare letter.

Form Letters.—A form letter is one of a series of letters, to be sent on similar occasions. Such letters are usually in imitation typewriting with blanks left for the name of the party addressed, and when carefully executed are a close imitation of a typewritten letter. Form letters vary from those not to be distinguished from actual typewriting, to the stock letters of collection agencies, in which no attempt is made to imitate the machine. Some writers use a number of short forms or inserts which they use in dictating to avoid a repetition of dictation.

Letters of Recommendation.—The promiscuous writing of letters of recommendation has done much to cheapen the effect of recommends. Many firms refuse such letters entirely. Perhaps the best plan is to have an employé, when leaving, use his former employer's name as a reference.

CREDITS

The science of credits is not an exact one and not one to which the same rules are applicable at all times and for all lines of business. The endeavor of the credit

man is to keep his losses as near the zero point as possible without needlessly limiting sales.

Knowledge Necessary to Credit Man.—The credit man of a house selling a line of goods over an extended territory should have a complete knowledge of the several phases of business minutely associated with extension of credits.

General Financial Conditions.—The condition of a territory as regards money is important. A comparatively small area may be experiencing business depression because of continued wet weather, extension of a new railroad cutting off trade, crop failure, or similar causes, while other territory in the same locality is enjoying phenomenal prosperity. Some towns in local option districts enjoy good trade at certain times only, depending on the predominance of the "wet" or the "dry" faction. No condition affecting financial conditions is too small to aid in determining the financial future of a district.

Business Detail.—The cost of production, amount of stock on hand, and in fact all the operative details of his own business should be thoroughly understood by the credit man. The more complete his knowledge is of the details of his firm's business, the better he will be able to judge wisely in putting out goods.

Knowledge of Customer's Business.—In order to grant credits intelligently, a credit man should know how the customer's stock balances, and what per cent he is selling him. A buyer running a general store may be rated good for \$15,000, and yet \$1,000 worth of a certain line of goods may be in excess of his credit and out of proportion to the remainder of his stock.

Knowledge of Finance and Law.—In judging the relation of incoming money to the financial strength and policy of his house, the credit man should know something of finance, while a knowledge of the law of credits, collections, exemptions, bankruptcy and allied subjects is of vital importance.

SOURCES OF CREDIT INFORMATION.

To bring the making of credits down to a systematic and scientific basis there are four sources from which

the credit man may draw: Mercantile agencies, reports from the trade, reports from the salesmen, reports from local banks or attorneys.

Mercantile Agencies.—The report of a mercantile agency is the basis from which a credit man can work, all additional information qualifying the report given him. His past experience must determine its degree of accuracy and to what extent a report is to be absolutely relied upon. The effect upon the merchant of the existence and supervision of the agency, is a salutary one, giving an extra incentive to keep his commercial record clean.

Trade Information.—By exchanging information with other credit men in the same or allied lines of trade, many problems in credits may be simplified. Such information, however, has the disadvantage of being slow to secure, as a merchant's creditors may be widely separated.

Salesmen's Reports.—Information from salesmen, under ordinary conditions, is peculiarly valuable. The salesman is posted as is no one else by frequent visits, knows the buyer's strong and weak points, the general condition of trade in the town and surrounding country, and if shrewd, can intuitively sense the moral hazard of an account from actual contact with all the conditions surrounding it. If a salesman reports his opinion of each risk assumed by the house it does not take long to tell the value of his observations and whether he possesses the capacity for giving a dependable rating.

Local Sources.—Information obtained from local sources is open to various faults, partiality or hostility to the one reported on or indifference to the correctness of the report, being among the number. Banks often take the attitude that they are not called upon to make a report, particularly upon a customer not a depositor and of whom they have no accurate knowledge other than of a general nature. Attorneys' reports are of all kinds, frequently carelessly irresponsible, the ordinary attorney not being an accurate judge of the financial condition of a business man.

COLLECTIONS

In collections the main thing is to get the money when due. This is more than it seems on the face of the statement. The ideal condition will never be reached when each customer pays his account when due, asking and expecting no favors.

Prompt Payments.—Customers can be educated to the fact that payments are to be met unconditionally at maturity of account. Prompt payment of bills is no more to ask of a customer than is the prompt delivery of goods ordered by him. The country trade often takes this stand: "We buy of your house. They should consider it a favor to get our trade. Hence, if we desire to wait a few days in the payment of a certain bill, the house should not hurry us, as one overdue account cannot make any difference to them." This stand would be comparatively reasonable if the credit man could know, first, the exact condition of the business affairs of the debtor; second, that he desired a reasonable extension, and was not simply ignoring communications with a view of not giving them a square deal. As collections are made, this tendency must be combated and overcome, and those customers habitually making such an excuse must be educated otherwise.

Rendering Statements.—Statements should be rendered at the time the account matures, not the first and the fifteen of each month. Then the statement as sent means something decisive—"remittance expected."

Sight Draft.—The efficacy of a sight draft as a means of collection except in small towns or country neighborhoods where a bank holds up merchants close to the credit line, is fast growing less. There was a time when the return of a draft meant impairment of credit for the debtor, but that does not now always hold, particularly when the draft is drawn through a bank other than the one at which the drawee does business. It aids to no small degree to send drafts through the bank at which the debtor has his deposit. If he has not the money to take up the draft he cannot give an evasive request for return, the notification is much more liable to be, "Wants extension,—will write." Some

houses have a rule to draw through the First National Bank, if there be one. This is not to be recommended, as both the bank and the customer will be better pleased and result be much more satisfactory if the bank at which the customer is a depositor is used.

Letters Following a Draft.—When a draft has been refused payment, if the customer does not write immediately, a tactful letter from the house should go forth. This should not be a collection letter demanding immediate payment, or worst of all, a form letter, but a heart to heart letter, asking why payment has been delayed.

SPECIFIC APPLICATION.

Collections vary so much in character, size and surrounding conditions that anything like a general rule cannot be prescribed. Classified as to size, the following methods may be considered representative:

Under Ten Dollars.—Where one or a number of small collections are outstanding, a statement is first sent to each debtor, followed in five days by a personal letter, either with or without notice of draft to be drawn in a specified time. After draft is drawn and refused send collection to Justice of the Peace if delinquent lives in small town or in the country. Justices of the Peace commonly are very thorough in their collection methods, are usually well acquainted in their district and rarely if ever misappropriate funds, while their charge is nominal, often being but 10 per cent, where an attorney would charge several times that sum. Banks often effect small collections, but seldom do more than notify the delinquent. Bank charges on a collection are uniformly reasonable. Collection agencies using the "letter system" should be used sparingly if the trade of the delinquent is a consideration. The "letter system," in which a series of letters threatening suit, attachment, and the like are mailed the delinquent, are peculiarly effective for a list of country collections, the cost averaging probably 50 per cent. Small collections not closed off by the above method may be considered practically worthless. Where trade is to be retained, tactful personal letters following a statement are best.

Ten to Fifty Dollars.—Accounts of this size may be handled either as given above or through the local bank. Where parties are good but slow, bank methods are usually satisfactory.

Fifty to One Hundred Dollars.—To get immediate results turn over to a collector, preferably one connected with or vouched for by the house. Where a debtor is in danger of becoming insolvent a bank or attorney will often protect local creditors against enforcement of claims of an outside house. A collector may often make a settlement by being on the ground and obtaining security and so protect his house from an assignment or failure of the debtor.

Upwards of One Hundred Dollars.—Collections of this size and importance require personal attention. If the debtor is within a reasonable distance, by telephoning the correspondent of the house or a bank, information can be obtained, often more valuable than would be written, and the condition of the debtor can be judged accordingly, and the campaign mapped out to conform to conditions reported. A rule in all collections should be to get the cash—if not, then unquestionable security, security that may be banked at not to exceed 10 per cent discount.

City collections are materially different from country collections, as the percentage of losses is much larger, from removals and the better facilities afforded the dishonest or careless to avoid their obligations. An energetic and tactful collector will affect the largest share of city collections when the amounts are small. When large collections come slow, a careful investigation should be made to determine the cause.

Suit.—Suit as a rule is not advisable, except in certain cases, as when a debtor has the reputation of not paying back accounts except when sued; when a debtor has property which may be reached by an attachment, etc.

BOOKKEEPING

Bookkeeping is the art of making a systematic record of business transactions, so as to exhibit the resources and liabilities of the business. The system in

use in a business, the business itself or more often the adaptation of the method of accounting to the requirements of the business, determine kind and number of books used. When but a single book is used, it is usually a simple book, similar in form to the common day-book, in which are set down in the order of their happening such transactions as are necessarily recorded. As it is not to advantage to bulk too many accounts in one book, the cash-book, purchase-book and sales-book are often used together. The principal book of accounts is the ledger, it showing in classified form all the records of the original books of entry.

Systems of Bookkeeping.—Two systems of bookkeeping are in use, single entry and double entry.

Single entry is most commonly used by retail merchants and other similar tradesmen. It keeps no account of property, personal accounts alone being shown in the ledger, which, consequently balances only when the business is closed out. Saving in labor over double entry, it furnishes fewer checks against error. One of its fatal objections for some classes of business is the lack of detailed information shown regarding the sources of gain or loss. This information, as clearly exhibited by the double-entry balance-sheet is often an absolute essential in the determination of profit. In single entry, to determine capital at any time, the inventory of resources and liabilities is taken; the difference between the totals indicating the capital. The difference between present and former capital gives the loss or gain.

Double entry bookkeeping requires that every transaction be entered twice, first on the debtor side of one or more accounts, and second, on the creditor side, thus keeping the ledger in balance perpetually.

Debit and Credit.—The first law of double entry is that every debit amount in one account must have a corresponding credit amount in some other account, and vice versa. The rule of debits and credits may be thus summarized:

(1) Debit that which into the possession of the business and costs value. (2) Credit that which goes out of the possession of the business and produces value.

Rules for Journalizing.—Besides the above general rules the following specific ones may be given:

The proprietor is debited: (1) For withdrawals from the business for personal use; (2) for liabilities assumed by the business; (3) for net loss when the books are closed. He is credited (1) For all investments in the business; (2) for net gain when the books are closed.

Property is debited, under its given name, when it comes into possession of the business. It is credited, under its given name when the business parts with it.

Persons are debited (1) when they get into our debt; (2) when we get out of their debt and are credited: (1) When we get into their debt and (2) when they get out of our debt.

Expense account, including rent, salaries, insurance, etc., is debited for money paid out to carry on the business and credited for the proceeds of the sale of any item previously debited to expense account.

Bills receivable are debited when received by the business and credited when the business parts with them.

Bills payable are debited when redeemed by the business and credited when issued by the business.

Allowances, as interest, discount, collections, etc., are debited under their given names, when allowed to us by others, and similarly credited when allowed by others to us.

Trial Balance.—The taking of a trial balance frequently causes the student or bookkeeper a great deal of waste time, such mistakes commonly arising from errors in posting, though there is chance for an infinite variety of mistakes to arise. The following rules are of use in tracing errors:

Go over the additions of the trial balance.

Go over all additions of the ledger accounts.

If not located, check your posting as follows: Trace each item from the journal to the ledger, and if found to be correct, place a check mark at the left of the first money column in the journal and at the left of each date column in the ledger.

Find the exact amount of error; if ten or some power of ten, the error is usually in addition.

If the amount is exactly the same as some amount in the journal, the error is probably with that amount.

If the amount of error is divisible by nine, the error is probably in transposition of figures.

If dollars have been written as cents or vice versa, dividing the difference by 9, 99, or 999, respectively, will locate a figure which has been misplaced one, two or three orders to the right or left.

Closing Set of Books.—Before attempting to close a set of books, a correct trial balance must be had, and a *statement of the business* should be made out. The statement of the business will give the figures to be used in closing the ledger accounts, and by its use all errors will be avoided. The following definition should be kept in mind:

Inventories show the value of the goods and property remaining on hand.

Non-speculative accounts are those on which we do not directly gain or lose. They are cash, personal bills, payable and bills receivable.

Speculative accounts are those whose nature it is to produce gain or loss. Merchandise, expense, and like accounts belong to this class.

If the work of closing a set of books is performed in the following order, there will never be any trouble as to the result:

1. Enter inventories, in red ink, on the credit side of the accounts to which they belong.

2. Close all speculative accounts to loss-and-gain account.

3. Close loss-and-gain account to proprietor's account.

4. Rule all accounts that balance.

5. Bring down all inventories and the balance of the proprietor's account.

A trial balance of the ledger at this point should exactly agree with the resource and liability division of the statement of the business.

The reason for taking a trial balance at this time is that we may be sure that the books are in balance be-

fore we put any new business on them. For, when we next attempt to take a trial balance, and it does not balance, we would naturally look for the error in the work of the month, when, quite likely, it would be in the closing of the accounts or in the bringing down of the balances, which a trial balance as just suggested would have brought to light and all trouble from such an error have been saved.

When a new business period is to be begun and the old books used, no opening entry is necessary, as all the accounts that would appear in such an entry are already on the books.

PRICE MARKS

The use of a set of secret marks with which to mark the price of goods is in universal use. As a rule the buying price only is marked in these characters, the selling price usually being in plain figures.

Arbitrary signs are sometimes taken to designate the numerals, but as a usual thing a keyword is used, the letters of which stand for the numerals. Following are examples:

1	2	3	4	5	6	7	8	9	0
V	A	N	D	E	R	B	I	L	T

In a similar way "MAKEPROFIT," "CALEBSMITH," or "CHELMSFORD," could be used. A repeater is sometimes used instead of writing a character twice.

INVESTMENTS

Those having money to invest may be classed in three groups: First, those persons who wish absolute safety of principal, permanency of investment, and regularity in the payment of dividends; second, those persons who are willing to take some risk, looking to a higher dividend rate, and other incidental benefits, such as business association with other stockholders, gain of knowledge of corporation affairs, etc., to indemnify them for lack of absolute security of the principal; third, those having a comparatively small amount for investment and willing to risk their money in concerns openly promoted for the purpose of enriching the backers if

lucky, and with the expectancy of reaping large profits in a new and untried field—not properly called investments.

Classes of Investments.—Investments are of two classes: First, the class in which the investors become the absolute owners of the securities, as in purchases of real estate, government bonds, etc.—these being *purchase investments*—and second, the class in which investors advance money upon the promises of borrowers to return the money with interest, and upon the securities which the borrowers pledge or bind in support of their promises, as in loans upon mortgages,—these being *loan investments*.

Margin of Safety.—In determining the worth of an investment, the difference between the actual and permanent values of securities and the amounts of the corresponding investments is taken, this being termed the margin of safety. It is evident that this margin will vary in a direct ratio with the rate of income. A United States Government bond, for instance, yields less than 2 per cent to the investor, a state bond may pay 4 per cent, and a western farm mortgage 8 per cent.

Public Securities.—Government bonds open to purchase have the advantage of safety, but the rate of interest is so low as to put them out of the investment class except where unconditional security is a prime requisite. The bonds of states which have borne a good financial reputation are comparatively safe. Municipal bonds are now very popular investments, yielding $3\frac{1}{2}$ per cent to 5 per cent to the investor and at the present time are good and safe.

Real Estate Securities.—Contrary to the general opinion, real estate, improved or unimproved, is often a poor investment. Improved property, subject to taxes, depreciation, repairs, insurance, etc., often disappoints the owner. Real estate bought to lease for others to build upon is a good, but necessarily limited form of investment. Farm lands in the middle west have made fortunes for many in the past ten years, but taken year in and year out they may be said to be only a fair investment. Farm mortgages are among the best investments for safety, convenience and rate of income of

any line offered the investor. Such investments should be passed upon by competent authority as to their legality, title to property covered, whether first or second mortgage, etc. Certain states have laws so framed that foreclosure is difficult and designed to protect the debtor. Loans in such states should be avoided except under exceptional conditions.

Building and Loan Associations.—Speaking from wide experience in investments, David R. Forgan says:

"One of the worst forms of investment in real estate, in my opinion, is building and loan associations. They are gotten up in most attractive form to catch the month's savings of thrifty people with moderate incomes. I know there are some of these in the older parts of the country that are apparently successful, but my experience of them in the west leads me to consider them as a whole almost the easiest concerns to get your money into and the hardest to get it out that I know. Their plan seems so simple that anyone can understand them; nevertheless one of my friends in Chicago, who is a thorough accountant, lost the savings of years in a building and loan association of which he himself was the annual auditor."

Corporation Bonds.—Bonds of corporations, as well as other securities should be purchased only after their safety has been assured by actual experience. The first issue, particularly of railroad bonds, is liable to contain some "water," for which the immediate investor will have to pay. Money should not be invested in bonds of any enterprise, as those operating public utilities, until the company is actually earning money to an amount not less than twice that required to pay the interest on its bonds. The reason for this is that the risk of financing an enterprise lies with the buyers of bonds. In case of success get but 5 per cent per annum, if a failure they are the only losers.

Stocks.—There are two main differences between bonds and stocks: (1) Bonds are a lien upon property of some kind, while stocks frequently represent nothing tangible other than earning capacity, good will and hope of the future; (2) bonds bear a promise to pay both principal and interest, enforceable at law, while a stock

promises nothing, the stockholder becoming a part of the company. This is often an advantage, particularly to a young business man, giving him a chance as a stockholder to see the actual workings of a company, identify himself with it and be eligible to hold office. This is of particular value in a small town, as it often identifies a man in a business way, strengthens his credit and gains favors that would not otherwise be extended.

Wildcat Investments.—A large class of so-called investments are constantly being offered the public, such as mining stocks, oil stocks, plantation stocks, etc. Some of these are actual frauds, some partially fraudulent, and all are risky. They are often promoted by men having no means of their own and even if successful are so managed as to give those on the inside the profits. As a general rule rates of interest greater than 6 per cent or 7 per cent involve risks putting the investor in the speculator class.

SHORTHAND

The term stenography is often given to shorthand, being used synonymous with it, John Willis in 1602 publishing a treatise entitled, "The Art of Stenography." Phonography, tachygraphy and many other names have been or now are designations of this art.

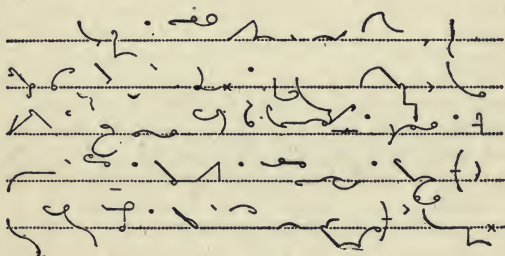
There are numerous systems of shorthand, probably upwards of two hundred, but not more than ten of practical importance. The Pitmanic systems are the ones most used, others not having the following of these systems. There are three editions of the shorthand of Isaac Pitman, differing only in minor characteristics. This system is used extensively in England and to some extent in the United States. The Benn Pitman and the Graham system are both extensively used, and are very closely related, Graham using more devices for increasing speed than Pitman. The Munson system is used by a large number of shorthand writers.

The systems not Pitmanic vary from each other as well as from Pitman writing. The letters of the Cross Electic alphabet upon the form of an ellipse and there

are five positions instead of three. The Gregg system is written on the slope of longhand, has no position, and joins vowels and consonants.

The speed at which shorthand can be written is a much discussed subject. The ordinary public speaker uses 130 to 180 words per minute, and 200 words per minute is very fast writing and can be reached by few writers for any length of time. Commercial speed ranges from 80 to 100 words per minute. Few dictate 120 words per minute.

The following cut gives, in the Benn Pitman system as in common use in the United States, a specimen of shorthand writing. The Graham system—most used by court reporters—is very similar to that of Benn Pitman, but uses contractions and other expedients to a greater extent.



Transcript of the above notes:

"For the third time the Congress of the United States are assembled to commemorate the life and the death of a president slain by the hand of an assassin. The attention of the future historian will be attracted to the features which reappear with startling sameness in all three of these awful crimes; the uselessness, the utter lack of consequence of the act; the obscurity, the insignificance of the criminal; the blamelessness—so far as in our sphere of existence the best of men may be held blameless—of the victim."

MAIL ORDER BUSINESS

There are two main divisions in the mail order business; first, as carried on by a small dealer giving it his whole attention; second, as transacted by an established house, either as side issue to assist the traveling sales department, or as in case of Montgomery Ward & Co. and other catalogue houses, as a sole business.

The underlying principles of the business are the same in all cases, differing only in application. The requisites for a successful start may be briefly outlined and if conscientiously followed out will bring a degree of success depending only upon the extent of the field and the closeness of the application of the promoter.

Qualifications Necessary.—First, brain is of importance. The average beginner should employ the best brain talent procurable, some one else's if not his own. For the building of a permanent business, honesty must be an asset as well as brain power. Houses now in the field to stay are noted for the honesty with which they treat all dealing with them. Sales over the counter may be made on account of the locality of the store, even though the goods are not up to standard and the proprietor considered tricky, but a customer who has been victimized by mail can never be depended on for another order.

The smaller mail order journals and a certain class of jobbers as well as some mail order writers hold forth a glowing future for an inexperienced man starting in the business with small capital—as one writer terms it, “a man or woman of average intelligence, with a capital of fifty dollars in cash, no experience, and no influential friends, can start in business and spell success in capitals at the end of one year's labor.” Where one such venture launched at an opportune time by someone peculiarly fitted to the business, comes to success, fifty fail for lack of capital and as many more yield indifferent results. Says W. B. Powell on this subject: “You cannot get rich on a three-line ad in a mail order paper filled with advertising that makes yours look like thirty cents. The mail order business has gotten down to hard-pan basis. You have to have a

good article and considerable capital back of you, business sense, and a tenacity of purpose that will not falter within two or three years. You cannot get rich quick on two or three hundred dollars. If you could, there wouldn't be white paper enough to print the ads offered the mail order publications." A beginner should have sufficient capital—actual money in the bank—and a reasonable credit to tide him over in case he needs money temporarily.

Adaptability, as in other lines of business, is a prime requisite. A business suited to one's taste is bound to be a success eventually, and if not suited to it and the promoter cannot adapt himself to its manifold requirements, he should lose no time in changing to one in which he can put forth his full energies.

System.—The advantage of system in the mail order business is fully set forth by Sydney A. Hale, who says: "You must have system in your business, and the best is none too good. In no other business is the routine and detail so great; in no other business is a most accurate and most minute record of every transaction so essential; in no other business is a handy record so necessary. A good system is not necessarily an involved one; on the contrary, inasmuch as system consists in the elimination of labor, time and useless detail, the simplest system is the nearest approach to perfection. It is the writer's experience that no one stock system can ever prove adequate—only a system devised essentially and especially to fill your own particular needs. Whether it fills anybody else's need is not your care; unless it can fill your own needs it should be abandoned. A successful system must always be easy of access; it must be accurate; it must be complete. Money invested in perfecting a system is money saved. Don't try to start business or life without them. It is the man that has a system in both life and business that wins the battles."

Advertising.—The vital part of a mail order business once started is the advertising. Proper mediums must be used, the ads must be well worded, displayed, and placed; advertising effort must be continuous.

Promptness in Delivery.—Goods advertised should

be forwarded the buyer as soon as possible; there should be no waiting on account goods being out of stock or not yet delivered from the manufacturer.

Neatness.—Many beginners and even some established firms underrate neatness in putting out goods. Goods neatly labeled, mailed in a compact package carefully done up, appeal to the recipient at once.

Originality.—Originality in business methods and personality in conducting a business are always at a premium, and will go a long way toward bringing success in selling by mail.

FIRE INSURANCE ADJUSTMENTS

In Case of Loss.—The ordinary business does not suffer from loss by fire more than once or twice in a lifetime. When a loss comes, he should be prepared to see that he obtains every cent rightfully due him. While it is an acknowledged fact that more losses are overpaid than underpaid, in case of a small loss it is probably as satisfactory a way to trust entirely to the fairness of the adjuster. In case of a large or total loss, if the insured shows that he fully comprehends how the amount of his loss is being determined, he will not fail to receive better consideration at the hands of the company's representative. If not satisfied with a loss, as adjusted, it is best to let it go to arbitration.

Rules for Determining Property Loss.—The following rules and formulas are those used by adjusters in ascertaining the extent of a loss on stocks or personal property, and show the methods adopted by them in such cases. There is nothing new about them, and they are perfectly familiar to everybody, and are to be found in any arithmetic used in the common schools in our land. Every school boy has learned them, but their application to the adjustment of losses may be something that those who may not have had experience in this particular line of business will find of assistance. It should be remembered that cost to the assured is the basis of the loss sustained, but not necessarily the measure of the damage or loss; this may be more or less according to the circumstances surrounding each

case, and is undoubtedly affected by depreciation or increased value.

Value of Property.—The question of values was formerly one that perplexed even the most expert adjusters, and many complications have, in former years, arisen because of the difference of opinions relative to the value of merchandise in various or different hands; but for many years the rule has prevailed, and common custom may be said to have regulated this matter, until at the present time it is generally conceded by all that the question of value depends materially and almost entirely upon the business of the party in whose possession the merchandise is found. The insurance contract contemplates only indemnifying a party in case of fire against absolute loss, and the cost to him is the basis of the estimate of the loss. In the case of a manufacturer the basis of the estimate would be the cost of production. If the merchandise is in the hands of a wholesale dealer, then the basis of the estimate would be the price paid the manufacturer. If the merchandise is in the hands of a retail dealer then the value would be increased, and the basis of the estimate would be the price paid the wholesale dealer. The same merchandise in the hands of the consumer would be enhanced in value, and the basis of the estimate would be the retail dealer's price.

It will therefore be observed that the same merchandise in various hands has different values, and in dealing with the various losses that it may have four values, according to the business the party is engaged in who has sustained a loss, viz.: manufacturers, wholesale dealers, retail dealers and consumers.

Definition of Terms.—The following terms are used in adjustment calculations and are here defined for easy reference:

gross cost. The entire cost of merchandise, including all expenses, etc.

net cost. The entire cost of merchandise after all deductions are made.

gross purchases. The amount of merchandise purchased at gross cost.

net purchases. The amount of merchandise purchased excluding freights, etc.

gross stock. The amount of merchandise on hand, valued at gross cost.

net stock. The amount of merchandise on hand, valued at net cost.

gross sales. The amount of merchandise sold.

gross inventory. The amount of merchandise invoiced at gross cost.

net inventory. The amount of merchandise invoiced at net cost.

expense account. All expenditures incident to the business.

gross profit. The entire excess of pecuniary value received from the sale of merchandise, over its cost.

net profit. The excess of pecuniary value received from the sale of merchandise over its cost, less all expenditures.

loss. The difference between the gross cost and the prices received.

Purchases, less net sales, are equal to the stock on hand.

Purchases, less stock on hand, are equal to the net sales.

Purchases, less present inventory, added to the gross profit, are equal to the gross sales.

Net sales, and stock on hand, are equal to the amount of net purchases.

Net sales, added to the gross profit, are equal to the amount of gross sales.

Gross sales, less gross profit, are equal to the amount of net sales.

Gross sales, less gross profit, added to present inventory, are equal to the amount of purchases.

To Ascertain Cost.—When the amount of gross sales and rate per cent of gross profit are given, then to ascertain cost:

Rule.—Divide the amount of sales by 1 (one dollar), plus the rate per cent of profit, and the quotient will be the net cost (this is simply the old rule to ascertain present value); or the same result may be obtained by dividing the amount of sales by the aliquot part of one

hundred representing the per cent of profit, and the quotient will be the net cost. If the goods are sold at a loss, then to ascertain cost, divide the amount of sales by 1 (one dollar), less the per cent of loss, and the quotient will be the net cost; or from gross sales, deduct gross profits and the remainder will be the net cost.

To Ascertain Purchases.—When the amount of gross sales, rate per cent of gross profit, and net inventory are given, to ascertain amount of purchases:

Rule.—Divide the amount of sales by 1 (one dollar), plus the rate per cent of profit, and the quotient will be the amount of net sales (this is the old rule for ascertaining present value). Add net sales to the inventory, and the sum will be net purchases.

To Ascertain Stock.—When the amount of gross sales, net purchases, and rate per cent of profit are given, then to ascertain the amount of stock on hand:

Rule.—Divide the amount of sales by 1 (one dollar), plus the rate per cent of profit, and the quotient will be the net sales. Now, subtract the amount of net sales from the net purchases, and the remainder will be net stock.

To Ascertain Present Value.—When the gross amount of sales and per cent of profit are given, then to ascertain net sales or present value:

Rule.—Divide the value stated by 1 (one dollar), plus the rate per cent of profit, and the quotient will be present value or the net amount of sales.

Note.—You can never arrive at the correct present value or the amount of net sales by multiplying the gross sales by the rate per cent of profit, and deducting this product from gross sales.

To Ascertain Sales.—When net purchases, rate per cent of gross profit, and net inventory are given, to ascertain gross sales:

Rule.—From purchases deduct inventory, the difference will be net sales. Multiply net sales by the rate per cent of profit, the product will be profit in dollars and cents, which added to net sales, will give the gross sales.

To Ascertain Per Cent of Profit or Loss.—Given, the gain or loss, to find the per cent:

Rule.—Take the difference between the net cost and the amount received from the sales, and divide by the gross cost, and the quotient will denote per cent of profit or loss. This is the old rule of dividing the gain or loss by the number on which the per cent is reckoned to ascertain the per cent of profit or loss.

To Ascertain Profit or Loss in Dollars and Cents.—Given the cost and per cent of profit or loss:

Rule.—Multiply cost by per cent of profit or loss, and the product will be profit or loss. Also find difference between net cost and amount received from sale of merchandise.

To Ascertain Per Cent of Profit.—When net sales and gross profit are given:

Rule.—Divide the amount of profit by the amount of sales, and the quotient will be per cent of profit. (This is the old rule of dividing the gain or loss by the number on which per cent is received to find the per cent of gain or loss.)

To Ascertain Profit in Dollars and Cents.—When the amount of net sales and per cent of profit are given:

Rule.—Multiply net sales by per cent of profit, and the product will be profit. Also subtract net sales from gross sales.

To Ascertain Per Cent of Profit.—When net purchases, gross sales, and inventory are given, to ascertain per cent of profit:

Rule.—Deduct purchases from inventory, and the difference will be net sales. Subtract net sales from gross sales, and the remainder will be gross profit. Divide gross profit by net sales, and the quotient will be rate per cent of profit.

To Ascertain Per Cent or Proportion of Loss.—When the total loss, total insurance, and amount of each policy are given:

Rule.—Divide total loss by total insurance, and the quotient will be the per cent or proportion of loss, then multiply particular insurance by per cent of loss, and the product will be particular loss; or, to use the Rules

of Proportion, the formula would be: as the entire insurance is to the entire loss, so is each policy to its proportion of the loss.

To Ascertain Per Cent or Proportion of Salvage.—When total salvage, total insurance, and amount of each policy are given:

Rule.—Divide the total salvage by the total insurance, and the quotient will be the per cent of salvage. Multiply particular insurance by per cent of salvage, and the product will be particular salvage: or to use the Rules of Proportion, the formula would be: as the total insurance is to the total salvage, so is each policy to its proportion of salvage.

Rules for Ascertaining Amount of Loss.—There are several methods adopted by adjusters to ascertain the amount of loss on stocks of merchandise, the general principles involved in all are similar, although the means adopted to arrive at the result differ in some respects. Those in general use are given herewith:

FIRST METHOD.

1. From inventory or statement of stock on hand at given date, deduct items not stock; also, items not covered by the policy.

2. From remainder, deduct any charges included for expenses, freight and drayage, and the remainder will be net inventory or stock.

3. To net inventory or stock, add purchases from time the inventory was taken to date of fire, and the sum will be total net stock.

4. From total net stock deduct net sales, and the remainder will be the amount of stock on hand at the time of the fire.

5. From stock on hand, deduct cost value of merchandise saved in sound and damaged condition, and the remainder will be net merchandise loss.

6. From merchandise loss deduct value of commission goods.

7. From merchandise loss deduct discount on time purchases to find cash cost.

8. From cash cost deduct for depreciation and waste, to find present value.

9. To present value add freight and expense on net loss, to give gross values.

10. To gross values, add damage allowed on merchandise saved, and result will be the amount of the loss.

Note.—Exclude freight on purchases, sales and salvages, and when you have ascertained actual cost, at first hands of amount destroyed, add freight. This places assured, as nearly as possible, as he stood previous to the fire.

SECOND METHOD.

The following may, perhaps, be regarded as a more concise method, and one easier understood:

First. From inventory, or statement of stock on hand at a given date, deduct items not stock; also, items not covered by the policy.

Second. From remainder, deduct all items included for freight and other expenses, and the remainder will be net inventory or stock.

Third. To net inventory, or stock, add net purchases from time the inventory was taken to date of fire, and the sum will be the total net stock.

From total net stock deduct the following:

1. Gross sales, less profit agreed upon.
2. Net value of merchandise saved in a sound or damaged condition.
3. Depreciation in values.
4. Discounts allowed for cash, on time purchases.
5. Value of commission goods.

Then to the remainder, add freight and expenses, as well as the damages allowed on goods saved, and the result will be the amount of the loss.

THIRD METHOD.

First. Take amount of net inventory, or statement of stock on hand, at a given time.

Second. To this, add the amount of purchases from date of inventory to time of fire. The sum thus obtained will be the amount of stock.

Third. Deduct from the total amount of stock, cash and credit sales from date of inventory to time of fire,

less the estimated profits, and the result will be the stock on hand at time of fire. From this should be deducted the depreciation in value agreed upon for stock shopworn, out of date, etc.; also, value of merchandise used in or by assured's family or other parties, and not charged in account, and value of stock saved in good order, as per inventory taken since the fire, and the value of stock saved in a damaged condition, estimated by appraisers as sound; also, all commission goods, and the result thus obtained will be the net amount of the loss.

ADJUSTMENT FORMULAS, RETAIL STOCKS IN COUNTRY STORES, ETC.

Adjusters frequently are required to use their inventive faculties, in ascertaining the loss in country stores, when, after a fire, it is found that all books, papers, invoices, etc., have been destroyed. In such cases the following formula will be of assistance:

FIRST METHOD.

DEBITS.

Capital invested.....	\$ _____
Present indebtedness.....	_____
Ascertained gross profits.....	_____

CREDITS.

Cash on hand at time of fire....	\$ _____
Investments other than merchandise	_____
Expenses paid.....	_____
Bills and accounts receivable...	_____
Total	\$ _____

The balance between the accounts gives the amount of merchandise on hand at the time of the fire, from which the value of the goods saved should be deducted to ascertain the amount of the loss.

SECOND METHOD.

DEBITS.

Total purchases, per invoice.....	\$ _____
Produce, etc., per ledger accounts.....	_____
Cash purchases agreed upon (no vouchers)	_____

CREDITS.

Total debits as above.....	\$_____
Less capital invested.....	\$_____
Less present indebtedness.....	_____

The remainder represents cash from sales applied to purchases; to this add:

Investments	\$_____
Expenses	_____
Cash on hand.....	_____
Bills receivable.....	_____
Book accounts receivable.....	_____

The sum of these credits will represent the cash sales, which are reduced by the per cent of profit to cost basis in the usual manner, and the stock on hand at time of fire is readily ascertained.

COSTS

Cost of Production.—Whether taken as a phase of industrial engineering or accounting, the determination of the cost of a manufactured product is of great importance. The time was when prices were set by guess-work or what seemed to be the price yielding a fair profit, but that time is now past. While the selling cost is dependent upon the demand and supply, the manufacturer, not being able to regulate or forecast what the probable demand will be, must know what the cost of his product is to him, that he may not be drawn into running his plant at a loss.

Outline of the Subject.—In the simplest form of manufacture labor and material are the two prime factors of cost. When manufacture becomes more complicated, as in the case of a machine-shop putting out engines, boilers, etc., in order to obtain the factors making up the selling price, divisions and subdivisions must be made until the prime factors are reached. For such a plant as mentioned, the following would be an outline:

SELLING PRICE.**Cost.— I. Prime Cost.**

1. Labor in (a) Machine Shop; (b) Foundry; (c) Drawing Room.
2. Material.

II. Fixed Charges.

1. Insurance.
2. Depreciation.
3. Indirect (Non-productive) Labor.
4. Repairs.

III. Selling Expense.

1. Office.
2. Salesmen.
3. Traveling.
4. Advertising.
5. Estimating.
 - (a) General.
 - (b) Drawing Room.

Profit.—

Selling Price.—Referring to the foregoing outline it will be seen that the selling price is made up of two main elements, (1) Cost (to make and sell—sometimes called factory cost) and profit. The selling price is not fixed by cost, but by demand and supply. No matter how cheaply a product may be made, if there is no demand it can not find a sale. If producing cost is so high as to be nearly prohibitive, the demand must be strong enough to pay the necessary price. This condition is often obscured by the fact that many manufacturers regulate their prices by those of their competitors.

Cost.—By cost, as used above, is meant all those expenses necessary to complete the product and place it on the market—in other words—selling price less profit.

Prime Cost.—The material cost and labor cost of producing an article by manufacture is prime cost.

Labor.—The labor entering into prime cost, is direct labor, that is, the worker actually produces or aids in the production of the thing made. Direct labor is synonymous with non-productive labor.

Material.—That which is used in the manufacture of an industrial product is termed material.

Fixed Charges.—This term is a general one, comprehending those elements entering into cost which are an expense and yet not directly chargeable through the process of manufacture to the finished product. These as given are: (1) Insurance; (2) depreciation; (3) indirect labor; (4) repairs.

Insurance.—Expense for indemnity against loss of any kind is comprehended in the term insurance. The most common form is insurance against fire, but almost any possible contingency may be insured against.

Depreciation.—Depreciation is a lessening in value from age and contributory causes. Buildings, machinery, etc., used in any process lose in value by wear, use, introduction of new processes, and many other causes. Only the land on which a factory stands commonly appreciates in value, and such appreciation is commonly not reckoned in cost computations.

Indirect Labor.—Labor which is necessary to make direct labor effective, though not of itself producing anything, or which is necessary as an adjunct to direct labor is termed indirect labor.

Repairs.—Various operations become necessary to restore worn, depreciated, or damaged machines, fixtures or buildings, such labor or material used being known as repairs and being a part of fixed charges.

Selling Expense.—If a product were salable at the factory door, no allowance would need to be made for expenses necessary to make a sale. Modern commercial methods necessitate the maintenance of an office or often a series of offices to arrange, catalogue, and otherwise prepare for and assist in the sale of the product of the factory or works. Salesmen must be employed to dispose of the output, traveling expense must be allowed them and others attending to necessary business, and various charges must be met for advertising.

Estimates.—Estimates fall under two heads: (1) General, as those drawn up for a concern not requiring special machines; (2) drawing room, as those requiring the special work of designers and draftsmen. If expensive drafts and patterns are made for use in the

production of one machine and are actually used in its manufacture, this machine bears the expense of the patterns made, providing they are of no further use. If they may be of use in future work, they may be figured as investment. If drawn up to further a sale and not used, selling expense is charged.

Profit.—From a technical standpoint, profit is not a part of production cost. The manufacturer adds to the cost to him such per cent as is possible for him to secure, this giving the selling price or cost to consumer.

Time-recording.—There are many methods of recording the time of employees, the most common being the use of some form of mechanical device imprinting on an individual time-card the time of coming and going. From these the time book or pay roll is made up.

Record of Time on Piecework.—To apportion correctly the time spent on each piece of work, the employé is provided with a card on which he notes the time of beginning and finishing, this time being charged against the particular job on which he was at work.

Analysis of Wages.—The individual time cards being turned in and charged against the proper jobs, the total of these cards will agree with the amount of weekly wages paid and will serve as an exact guide to the amount of work required upon all similar processes. This record can be as minute as desired, embodying a record for each separate process, branch of manufacture, works order or stock number to which the items may be charged, cross columns indicating the different classes or even individual workmen employed.

Stores.—There should be a system for the accurate recording of all transactions affecting stores. In a factory having several sections or branches each having a separate stores department a requisition should issue from the head of each department to the head office for such stores as will probably be necessary in the course of manufacture. The requisition should show: (1) Description of material or article; (2) quantity; (3) use designed for; (4) time required; (5) last supply furnished ———; (6) by whom supplied; (7) remarks.

If cost accounts are kept for each works, separate

invoices should be required for each division, but one is necessary where the account is kept at the head office.

Issue of Stores.—Duplicate orders consecutively numbered and made out by the foreman or manager of the department requiring stores are required before such stores are issued. When issued, the issue is verified by the signature of the one ordering the goods. An exact record of stores on hand should be kept at all times or made up for reports at a specified time. A periodical analysis covering the same time as the wage analysis should be prepared, unless the requisitions themselves are turned over to the head office for the finding of prime cost data.

Work Orders and Stock Orders.—In large manufacturing plants no general expenditure of above a certain sum, as \$100, should be made without the authority of the manager to be evidenced by a work order bearing an estimate and authorization.

In factories manufacturing such articles as carriages, furniture or similar smaller articles for stock, a stock order should be issued for the making, to determine the cost of the article or articles manufactured and all expenditures should be charged against this stock order number.

In continuous process factories as a sugar factory, an arbitrary subdivision is generally made and charges made against such subdivision.

Disposition of Scrap.—To obtain a fair price at which scrap is to be rated, a standard should be fixed for usual classes of material and changed only to conform to market values.

Fuel.—Where coal or other fuel is bought in bulk a record showing how it is distributed is kept and the proper charge made against each division of the factory.

Systems in Use.—There are a large variety of systems of finding and recording costs in use, simple or complex, depending upon the size of the factory or works and complexity of the process employed. The finding of costs is not an exact science, as it depends for a part of its data upon inexact information, while

accounting authorities differ as to the correct disposal of many charges and credits. Every manufacturer should consider some system essential to a correct administration of affairs.

WINDOW DRESSING

The fact that the sale of merchandise is furthered by a display of some sort or other has always been recognized, but the application of art to window dressing and the recognition of this work as governed by the rules of publicity and design is comparatively recent. In 1890 there were but twelve professional window dressers in the United States, while there are now probably twelve hundred, besides thousands of clerks and proprietors who spend a portion of their time getting up a window display.

The Window.—To permit of dressing to advantage the window should be large and have a base which extends some distance back in the store and should be set off from the store by a background, to concentrate the attention of the passers-by on the window and not distract them by anything beyond.

Background.—In dressing a window the first thing to be planned is the background, which must be in keeping with the display, bringing it out and emphasizing the parts of which it is made up. The test of a background is, "Does it bring out the articles shown in strong relief, and harmonize with them in tone?" A background may harmonize with a display either by *blend* or *contrast*, the former being the more pleasing, the latter, however, having the advantage of being more noticeable and hence more likely to attract attention. The harmonious effect of a display is the same as in a painting and should be governed by the same rules. Displays of velvets, plushes, rugs, etc., naturally take to harmony by blend, while a display calling for observance of detail would call for harmony by contrast. A background when properly managed does not detract attention from the goods displayed, but directs attention to them, which is the result aimed at.

Light.—It is impossible to overestimate the importance of proper lighting in window displays. No mat-

ter how careful the arrangement or harmonious the coloring, the work of the dresser is wasted, unless properly lighted. An ordinary gas light in the center of a window is bad, as it intervenes between the eye and the objects shown, dazzling rather than illuminating.

All properly constructed windows have a group of several burners at the top and in front of the window, with a large reflector so arranged as to throw the rays of light backward and downward and concentrate them upon the display. No other arrangement of light is equally satisfactory.

At night the window shades should be drawn to a point within about four feet of the bottom of the windows, so that the only light that can be seen is reflected light. This makes the upper part of the window very dark and intensifies the light at the lower part, giving a more brilliant display.

Colors Affected by Light.—The effect of the light used in a window—whether gas, electricity, kerosene, etc.—on colors should be carefully noted and observed. For instance, gas light will rob certain colors, as purple, lilac, dark blue, violet, and green, of their brilliancy. Displays having a harmonious color effect in the daytime may look garish and flashy by artificial light.

Color Blending.—Color is by far the most obvious means for attracting the eye, and the window dressed in colors secures the attention of the passer-by at once, far more readily than any mere ingenious arrangement in which color is absent. Good color effects are difficult to obtain where goods of a variety of colors are used, and good taste seems to prefer the use of but two or three colors complimentary to each other, and as a rule grouped in large masses.

Where the primary purpose is to display as many goods as possible without much regard for color-effect or harmonious agreement, it is advantageous to dress the window close up to the front, and fill it full enough to entirely cover the space. Where color and form are to be considered, fewer articles may be used; they may be more widely spaced, and should be placed further back.

Loose plush coverings of a color to harmonize with the general color scheme are often used for the bottom of windows. This permits drapery over small boxes or stands, the elevations and waved lines so produced adding greatly to the effect of the goods displayed.

Objects of Window-Dressing.—A window should be decorated keeping in mind three principal objects: First, to serve as an index to the class of goods kept in the store; second, to attract the attention of people to the store; third, to show goods which will excite in the people the desire of possession—these rules being in fact similar to the rules governing all publicity.

Special Features.—Besides the conventional dressing usually given a window, showing goods carried by the store making the display, special features are often resorted to, sometimes bearing some relation to the stock, and sometimes not. It seems to be an axiom with window dressers that something moving will attract a crowd and this idea is carried out by means of animals, mechanical toys or effects, persons performing some operation or process, etc. Particularly good special features, as now used, are: A typewriter working automatically, the keys being depressed by means of an electrical connection; an exhibition of oriental rug weaving by a native in costume; an automatic candy-pulling machine, and others along the same line, particularly when directly advertising the thing to be sold. Whether incomprehensibility, when resorted to, aids or detracts from a display, is a mooted point among authorities. A cage of monkeys in the window of a hardware store might draw a large crowd, but whether it would aid trade appreciably in the long run is open to discussion.

Distinctive Displays.—One phase of special features given more attention than formerly is in the matter of having displays distinctive. The blue penciled cards of Tom Murray, marking every window display of his store, have become classic in advertising circles. A Madison street clothier letters a daily talk on his windows, both the language and the lettering being characteristic.

Appropriateness of Displays.—To secure the best possible results the trimmer should constantly keep in mind the appropriateness of his daily display to the public. The class of people passing daily, the probability of drawing others by his store to view his display, the need of novelty, change and distinctive touch in his word, and an observance of the rules of art as well as the well-known rules of advertising will all aid in augmenting the returns from his displays.

SIGNS

The use of signs to call attention to or designate a business, forms an important portion of publicity. There are two classes of signs—permanent signs, as a firm name placed over a door or on a building, and temporary signs, as one noting the fact that a place has changed hands.

Requisites of a Good Sign.—There are three primary requisites of a good sign. First, a sign should not be overcrowded with words, but should be as concise and comprehensive as the nature of the case will allow. Many signs are stultified by this fact alone, as people have neither the time nor the inclination to stop to read a sign having too much matter upon it. Second, the letters themselves should not be crowded. Third, the letters used should be of such a character as to be easily read by anyone.

Permanent Signs.—The sign bearing the firm name or an equivalent is of primary importance and calls for a suitable location and easily read lettering. A common form of this sign is a board sign over an entrance, the lettering being in Roman caps, the letters gilded or silvered and having an iridescent background, made by sifting on sand or ground glass while the paint is fresh. Projecting signs extending perpendicularly from a building and extending over the sidewalk are very effective. Such signs usually bear letters in relief and often are illuminated.

Signs are illuminated in various ways. A simple and at the same time effective way is by having a row of electric lights so disposed along the upper edge of a sign as to illuminate the entire sign by means of a

box reflector. The most common and probably the most effective illuminated sign is the sign bearing electric lights—either continuous or intermittent—upon the face of the letters. A sign projected several inches from the face of a building and having small holes bored close together around the outline of the letters may be illuminated by means of incandescent lights between it and the building.

Window Signs.—A form of sign in common use in windows is made by lettering in gold or silver the wording or design on the inside of the glass, the design being well backed with varnish to insure permanency. Metal letters make very serviceable signs. These may be classified into two divisions, those fixed outside a window or sign, and those fixed inside, or concave and convex. Solid copper and brass letters have been much used for outside application and are of good appearance, but possess the drawback of requiring daily cleaning. Concave letters are generally of stamped copper with the inside face gilded and fixed against the inside of the window. It is usual to outline in black the letters on the window a trifle larger than metal. When the paint dries the lip of the metal letter is cemented over the painted one on the window, the face side then showing a black outline with a concave gilded letter. White enamel letters are very serviceable and require little attention, being fixed to the outside of the glass.

Relief Signs.—Large wooden letters are often braced from the tops of buildings so as to stand out in relief against the sky. They are of simple construction and often eight to ten feet in height, though appearing much smaller from the ground. They stand perpendicularly from the edge of the roof and are braced and wired to stand the most violent storm. A thin sheet metal letter is often used displayed upon a screen for a relief sign. Large signs, readable a great distance away, are fastened to a large gas pipe frame and are a very striking form of advertisement.

Temporary Signs.—Included in this class are all signs designed to be used for a limited time. They are made in almost endless variety, both in the window to call attention to or aid in the display, or, inside the

store to emphasize the policy of the firm or to call attention to the goods. These may be made distinctive and the best advertising, as already mentioned under window dressing. Price tickets are used by all the popular stores and by many catering only to the exclusive.

Outside temporary signs, usually used in noting closing-out sales, removals, auctions, etc., are usually of stout cotton cloth stretched across the entire front of the store, though enameled oil cloth or even Manila pattern paper is used.

A form of temporary sign only within the reach of the largest dealers and then only at certain times, is obtained by the use of dead-wall space, during building operations, the cost of such displays amounting to several thousand dollars per sign.

Quality of Signs.—In having a sign made the merchant should secure the best possible materials to economize in wear and repairs, a competent workman to produce an artistic sign, and should study to have his sign characteristic of his business and in keeping with it. So made and displayed with judgment a sign will be found one of the best means of securing publicity.

ADVERTISING

The importance of advertising for every class of business needs no extended argument. Advertising matter occupies relatively the same place in business economy as a sales force, the purpose of both being to make a sale. A direct sale is one coming directly from an advertisement, as an order for a book from one who has seen the advertisement in a paper, or indirect, as a sale made of a proprietary article because of advertising displayed on a billboard, so creating a demand for the article or turning a demand already created toward it.

Mediums.—The character of advertising varies with the article offered for sale, and such medium is used as will, in the judgment of the advertiser, produce results.

General advertising is conducted through a variety of publications, street-cars, billboards, etc., with the

idea of creating a call for the advertised article from the various dealers throughout the territory covered.

Local advertising is conducted through the newspapers, assisted by street-car and billboard advertisements, and often supplemented by the distribution of circulars or the mailing of letters to buyers in a limited territory.

Mail order advertising originally was conducted in a class of publications known as "mail-order monthlies," as those published in Augusta, Maine,—papers designated to circulate in the rural districts, cheaply compiled and printed, and sold at a low subscription price. These papers still have a large circulation and are used for mail-order advertising; but practically all the high-class publications, particularly those of a general nature, carry a large percentage of ads now classed as mail-order advertising.

Kinds of Ads.—Advertisements may have numerous classifications as to form, from the announcement ad affected by many clothiers, to the blanket ad of the department stores. A common and increasing class of ads may be embraced in the term "freak ads." Nearly every manufacturer and promoter puts a freak ad on the market at one time or the other, some being unqualified successes. The present fashion in this class of ads is to leave the reader in doubt as to part of the wording, which is afterwards supplied. A familiar ad of this class was the one asking "What did the Woggle-bug say?" displayed in the newspapers and on billboards, and after a week's time being merged into a newspaper and book advertisement.

Object of an Ad.—The real object of all advertising is to sell. No matter what other virtues an ad may have, if it does not sell goods—sell enough to make it profitable—it is a failure. Attention attracted is of value, but attention to the point of buying is the only thing that counts.

Results.—The results of mail order advertising may be shown by keying ads, there being several methods. Some firms use, "Dept. A" for one periodical, "Dept. B" for another, and so on. Others change the firm name, or a portion of it, as "Chas. A. Ransom," "Chas. B.

Ransom," etc. A common key is a variation of the street number, building number, building name, etc. Ads occupying a page—and sometimes a smaller space—often bear a tag to be filled out and forwarded. These bear a key-word or number and are an exact index to the pulling power of a medium. Many concerns request inquirers to ask for a special folder, booklet or catalog and judge of the value of a medium by the replies containing that particular request.

To judge exactly of the value of general or local advertising is not an easy matter. A method to be recommended is as follows: Take two equally good values—give them the same space in each of the daily papers. Have both ads written up in the same vein—have both illustrated with the article advertised, and take very good care that both things advertised are of equal value. Then tabulate the results. Later on in the week advertise the same article in the two dailies, only transpose the ads. Tabulate the results and compare. Do the same with the weekly papers, and so determine the relative values of the different mediums.

Wording.—To write a good ad, say in brief what you have to sell and why people should buy it. Use concise wording, the language of the common people; let the words be short. Short words economize space, are easily understood and enforce and drive home the truths the writer wishes to convey.

Force should be combined with two other qualities, grace and versatility. The ad stands in the position of a salesman and should present the subject forcefully, easily, and in a manner peculiar to itself. In considering the choice of words, remember the methods used by the good salesman or the good business man and apply them.

Prices.—In general advertising, prices are of prime importance; in retail advertising, they are absolutely essential. The object of an advertisement being to sell goods, the advertisement must answer those questions liable to come into the mind of the reader, and the question of price is always an important one. First, give the introduction, so worded as to attract the attention, next the talk concerning the goods—concise and inter-

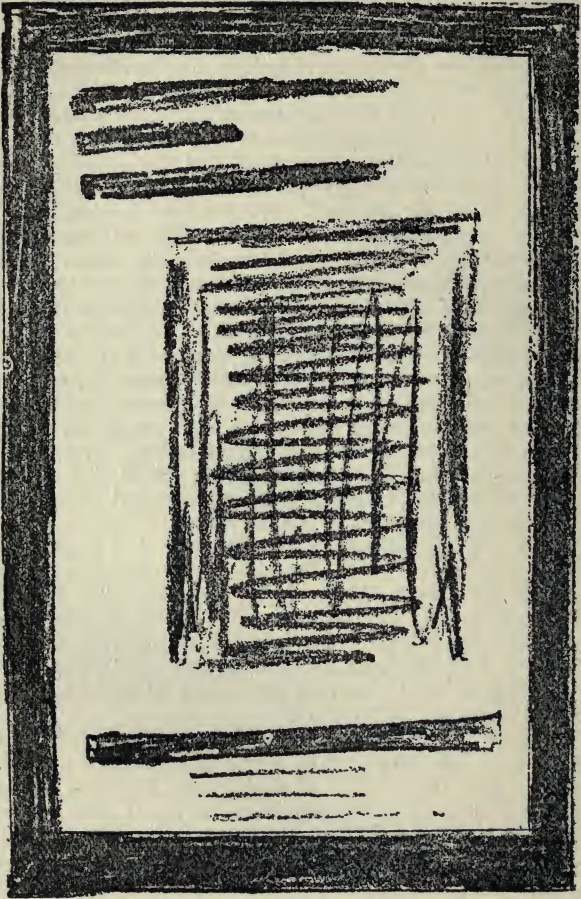
esting—and finally give the price in unmistakable terms. This does not apply to very high-priced goods, or goods intended only for exclusive trade. Such goods generally sell regardless of exact price.

Display.—An advertisement must be different and look different than other ads if it is to be fully effective. This is accomplished by a different display. By display is meant the arrangement of the type used so as to give prominence to certain parts of an ad. It is really the contrast between the dark and the light portions. When originating a poster or other work in which various colors may be used, contrast may be brought out by the use of different colors for different parts, as a catch-line in red and the body in dark blue. But the adwriter for newspaper work must limit himself to blacks and whites, and intermediate grays—and so distribute them as to produce an effective result.

Preparation of Advertising Copy.—The rough draft of an ad is usually laid out about three times larger than it is to appear in print. It is always well to make a penciled lay-out in the rough, conveying the general effect the ad is to have when complete. The illustration on page 140 shows a rough draft, the preliminary idea—the details being worked out later. The general scheme of this blocking out would be: First, heavy border separating the ad from the gray of the page, framing it away from adjoining matter; second, the heavy mass effect of the headline and footline; third, the gray of the body. To avoid an even effect and give a distinctive finish to the balance, the headline and body are not margined the same. There is plenty of white space to balance the heavy blacks of the border and head, and footlines.

Importance of the Rough Draft.—Even the most experienced advertising man will find the rough sketch of the utmost importance in giving him the idea of what is to follow. If this sketch is correctly laid out and balanced, the writing of the advertisement becomes a very simple matter, as it is easy to take up the ad, line by line and part by part, completing each in logical order so as to evolve a harmonious and effective whole.

Second Rough Draft.—In working out the details of



an ad the writer takes his first sketch, and duplicating the border on another sheet, fills in the display head and catch-lines in approximately the same size as the type to be used. This may be done roughly and if occasion demands, in rapid sketchy strokes, so as to be quickly completed. Accuracy of lettering or fineness of effect need not be especially sought after, as long as the lettering and writing is legible and the spelling, capitalization, and punctuation accurately and clearly indicated. Unimportant errors will be seen and corrected, either by the compositor in setting or the proof-reader in reading the ad.

In the lettered rough draft shown on page 142, representing the second stage in the writing of a railroad ad, the first three lines constituting the main catch-line are first drawn. The second catch-line, "South-western R. R.," will usually be a "stock" catch-line, that is a line used as a sort of trade mark, and varying only in size—never in lettering—on all the stationery and advertising matter of the road. If this is the case, it simplifies the writing that much, as it has only to be indicated and the cut supplied, besides it aids the writer in knowing how the display will look. The display type is lettered in, the body is proportioned as desired, the words are given plenty of room on the page and the ad is ready for the compositor.

Indicating Types to Be Used.—Whether or not to indicate the style of type and kind of border to be used depends upon circumstances. Usually—and particularly when indicated as in the lettered-in draft just mentioned—it is best to trust to the judgment of the compositor. Type-setters doing the composition on ads should be, and in the best offices are, men possessing considerable practical artistic ability as well as mechanical dexterity and have little or no need of any other information than shown by copy correctly blocked out. When copy is sent to an office where a firm has not done business or when an ad embodying any peculiar features is required, border and types might well be indicated. This is done by writing the name and size on the margin opposite the matter to be so set, and connecting the two by a line, as in proof-reading.

SHORTEST LINE— BEST TIME TO ST. LOUIS

Our best train leaves
Chicago, daily at 11⁰³ A.M.,
arrives St. Louis, 7³⁰. Other
trains at 3⁰⁵, and 9³⁰ P.M.

Ventilated trains, easy riding
cars, courteous attendants—
all help to make a de-
lightful journey. .

Round-trip rates, \$8.00,
good in chair cars only;
\$8.00, good on entire train.

Why not go this way:
TO-DAY?

Southwestern R.R.

City Office: 11 Grand St.
Station 1 Center St.
Tel. Black 327.

Analysis of the Printed Advertisement.—The two points of display are the announcement of the “shortest line to St. Louis,” and the title of the road. These are the two most important features and hence bear the largest display. Were but a casual glance to be given to the ad it would be enough to create the thought in the reader’s mind, “The Southwestern Railroad is the shortest line to St. Louis.”

The three paragraphs following are of nearly equal importance and bring out the following points: (1) Leaving time of various trains; (2) a pleasant time while riding because of completeness and fineness of the train; (3) rate for trip, reasonable enough to make the reader wish to go. These three paragraphs might be transposed and not lose their effect, the final paragraph, however, introducing the “personal element” or “direct appeal” to the reader, “Why not go this way, TO-DAY,” should stand at or near the last, so as to leave the question with the one reading the ad. The location of the city office, station, and the telephone number of the ticket office fall naturally after the name of the road.

Stock Catch-Lines.—These have already been referred to in a preceding paragraph, and defined as a distinctive word or line always used to designate the firm name. It is safe to state that over 50 per cent of the larger firms doing business to-day make use of a distinctive device embodying the name of the firm, and sometimes the address. As a variant of this a pithy sentence or short motto is often used accompanying the name of the business. Railroads often use such a catch-line: “The Albert Lea Route;” “The Burlington Route;” “The Sunset Route,” are examples. Often a part of a name is always displayed and made more important than the remainder. Thus the Consolidated Fire and Marine Insurance Company is one of a large number of fire and marine insurance companies doing business in the same field, hence the catch-line “CONSOLIDATED,” is always displayed by them.

Distinctive Borders and Composition.—Some firms go further and have all ads set having a distinctive border adapted by them or even cut to their order and

SHORTEST LINE BEST TIME TO ST. LOUIS

Our best train leaves
Chicago daily at 11.03 A.M.,
arrives St. Louis 7.30. Other
trains at 3.05 and 9.30 P. M.

Vestibuled trains, easy riding
cars, courteous attendants—
all help to make a delightful
journey.

Round trip rates \$6.00, good
in chair cars only; \$8.00
good on entire train.

Why not go this way today?

Southwestern R. R.

City Office, 11 Grand Street

Station, 1 Center Street

Telephone Black 327

copyrighted. This border may bear no relation whatever to the goods or product sold by the firm, being designed simply to attract by its artistic effect, and by continuous use be associated by the public with that particular firm using it. A better device if circumstances permit its use, is one representing the particular article the advertisement is exploiting; thus a firm advertising watches could use a border of watches, an ink manufacturer a border of ink-bottles, etc. It is common for regular advertisers to use ads always having the same general appearance owing to arrangement and typographical display. Uniformity of composition, if not insisted on to the point of sameness, is always good for continuous advertisers, particularly if an established house is advertising their customary line.

An example of a distinctive border is illustrated on page 146. The upper half represents the completed ad, the lower half the first rough sketch. The border is the outline of the distinctive design adopted by the advertising road and besides being of greater use in attracting immediate attention to the ad than a plain border, it is an extension of the use of the design adopted by the railroad for its catch-line, which consists of a black background the shape of this border and bearing in white letters the name of the system.

Selling Points.—The main point of display in this ad is the price, \$6 and \$8, the lower half (sketch only shown) being devoted to the strong points of this line over its competitors.

Pirating Distinctive Designs.—One of the annoyances to which a live adwriter or firm is subjected to, is the imitation of successful designs and schemes bearing the stamp of originality and distinctiveness. While there is often no recourse against such an act on the part of another advertiser, yet the spirit of fair play often acts as an offset to whatever is gained, as a reader will often reason that a firm which has no more originality than to copy another's design can not treat its customers better. When such imitation of a design, device or trade-mark comes under the head of unfair competition it may be stopped by legal proceedings.

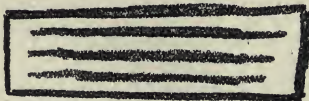
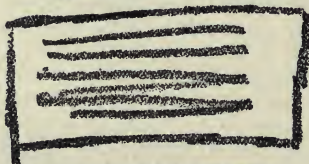
\$6 and \$8
TO
ST. LOUIS
and Return

\$6 tickets good in chair and club-room cars (no extra charge).

\$8 tickets honored in sleepers and parlor cars.

Tickets on sale December 24, 25, 26, 31; January 1 and 2; good to return until January 4.

VIA THE



Accuracy of Facts in an Advertisement.—It would seem superfluous to say that exact accuracy of facts is an absolute necessity in an ad, both in pictorial representation and in general statements, but often ads run at considerable expense in a high class medium bearing such evident errors, as to be of no effect as an advertising medium. An ad occupying $1\frac{1}{4}$ columns in a leading monthly magazine, makes the following remarkable statement under the head, "What 16 Horse Power Means:"

"The mechanical definition of one Horse Power means the power necessary to lift 33,000 pounds one foot per hour. Sixteen actual horse power would therefore lift 528,000 pounds one foot an hour."

The adwriter of course meant to say "one foot per minute," and "one foot a minute." As if this were not enough inaccuracy in one ad, the artist had represented an arrangement of pulleys hitherto unknown to science, to support the 528,000 lbs., in which the supporting rope frays to small cords apparently glued to the block which holds the 528,000 lb. engine in suspension.

Space occupied by an ad having one or more evident errors is worse than wasted and error of any kind should be guarded against by careful revision, especially if the matter written about is of a technical character.

Illustrations in Newspaper Advertising.—The use of cuts to strengthen advertising matter is nearly universal. Any picture will serve to catch the attention, but if not in keeping with subject in hand, if not to the point, it does not serve the purpose of telling something about the goods for sale. Stock cuts should be avoided under all circumstances. The use of illustration is so common that the reader is liable to recognize the disparity existing between the cut and the text or between the cut and the goods, and it cannot help but react upon the advertiser. Then, too, the cut should be adapted to the paper, printing and ink with which it is used.

Kinds of Cuts.—The simplest form of illustration is the outline cut. This was much in use several years ago and is still employed for some purposes. Shaded cuts are liable to smudge on fast or long runs and

should not be used unless they are sure to print well. The cut now most in use and appearing to the best advantage is the hand stipple. This is a pen and ink drawing the shading effect of which is derived from stippling instead of lining. If not reduced too fine in the engraving process it prints well, even on coarse paper and from a stereotype. Half-tones have two disadvantages, the mechanical difficulty in securing a good result in printing, and the absolute fidelity with which they reproduce the original—if a photograph. The former imperfection may be obviated by using a coarse screen, but this does away with necessary detail: the latter disadvantage may be remedied by going over the photograph and adding such lines as are necessary and taking out those which are not needed. Wood engravings are comparatively little used on account of cost.

If an advertiser has but one cut and wishes to use it for several newspapers, he can get a number of papier mache impressions or matrices from any of the daily newspapers on his list. These matrices are very handy and can be mailed with an ad with very little cost.

Display of Illustrations.—The same general rule should be observed in the display of cuts as in the display of type. Being an important part of the ad, it should stand out, should not be crowded or have the appearance of having been put in anywhere.

Types.—The adwriter at all times tries to have his type in keeping with the medium which he is using, the article which he is advertising and the class of people to which he is making his appeal. For instance, an announcement of a sale of art goods would call for script, Old English, or a similar type. Certain lines of trade are associated with utility and call for a serviceable type, as De Vinne for display, and a body type of leaded small pica. In trade papers advertising heavy machinery, steel rails, etc., the substantial, heavy-faced Gothic is much used.

Borders.—A border to an ad acts the same as a frame to a picture, throwing it into bold relief. A box of four rules about a price or an article is of great use in making it show up in a large or blanket ad.

Sizes of Type.—The size of type is expressed in two ways. Old-time printers designate types by their old names, as nonpareil, brevier, long primer, pica, etc., but now the common designation is by points. A point is $\frac{1}{72}$ inch and 6-point nonpareil would be $\frac{6}{72}$ inch in width (or height of letter). Type faces are not always of the same size as the body, thus we may have a 6-point face on 8-point body.

The following table gives the old names of type bodies and their designation in points:

Name—	Number Points.
Ruby	3½
Diamond	4½
Pearl	5
Agate	5½
Nonpareil	6
Minion	7
Brevier	8
Bourgeois	9
Long Primer	10
Small Pica	11
2-line Minion or English.....	14
2-line Brevier	16
Great Primer	18
2-line Long Primer or Paragon.....	20
2-line Small Pica.....	22
2-line Pica.....	24
2-line English.....	28
5-line Nonpareil.....	30
4-line Brevier.....	32
2-line Great Primer.....	36
Double Paragon.....	40
7-line Nonpareil.....	42
41 line Small Pica or Canon.....	44
4-line Pica	48
9-line Nonpareil	54
5-line Pica	60
6-line Pica	72

Type Faces.—Type faces may be divided according to the nature of their use into two distinct classes: (1) Body or text types, used for plain paragraph mat-

ter, such as that of books and newspapers; (2) fancy types, used for displayed matter, such as that of jobs.

Body or text faces may be subdivided again into several classes, of which only two may be considered: (1) Old style; (2) modern. The difference between these faces may be noted with a little practice. Old style has a lighter effect than modern, and the figures do not line at top and bottom. The most striking characteristic of modern is the contrast between the light and the heavy strokes. Old style and modern faces should not be mixed; a book or job should be set in one face or the other—not, as is too often the case, having both used indiscriminately.

Technical Knowledge Necessary.—A certain amount of technical knowledge of printing is necessary to the successful writing of an ad. Theoretically, at least, a man should be a printer and know what is possible to be done by the compositor, proofreader, and pressman, as, even a minor change may mean a considerable delay and an expenditure of an amount of money out of proportion to the results obtained. The tables and rules and other technical information given in another section of this book will often be of service.

Proof Reading. It is important that anyone having to do with advertising should understand the various marks used in proof reading. An explanation of such characters is fully given under the head, "Marks Used in Proof Reading," to which the reader is referred.

SHORT CUTS

A Dictation Help.—When letters are dictated to stenographers, spoken names and addresses are often misunderstood. A good method to avoid error is to number the letters and simply designate them by number when dictating. In this way the correspondence may be turned over to stenographers to secure full addresses without danger of error.

To avoid the possibility of giving the same number to more than one letter, use a series of small numbered cards. Attach these cards to the letters with small

clips, to be removed, arranged and returned to the stenographer at the close of the day.—*C. E. Locke.*

Employee's Record.—It will be found decidedly advantageous, especially in shops where a large number of people are employed, to use a workingman's card system. For each employe a card should be used, which should contain his name, residence and number and the department in which he is employed. On this card should be entered the employe's daily, weekly and monthly record, together with reasons for absence and cause of discharge, in such an event. In large factories it is almost impossible for the executive head of the office to know personally the army of employes, and the record suggested will enable him at a glance to determine not only the qualifications of any certain employe, but to determine also whether one is deserving of advancement or an increase of salary.

The system is simple and effective.

Letter Forwarding.—The old style letter forwarding book with its record of millions of mistakes and countless inconveniences has been superseded by the modern system which is gradually finding its way into usage in hotels and post-offices. It is no longer necessary to depend on the book that has been worn out and many pages of which are missing. In its place is the neat desk drawer cabinet, with its system of alphabetical filing, the cards of which never show the wear and need never be lost. When an order for forwarding letters is received the name and necessary memoranda is written on a small 3x5 card which is filed in the cabinet in alphabetical order. The card provides space for full instructions for hotel clerk or postmaster and its use is a guarantee of accuracy.

Sealing Letters.—To save time and energy in moistening the gummed flaps of envelopes, the following simple scheme is used by a number of business houses. The flaps of the envelope are extended and placed on the desk or table with the gummed surface exposed and overlapping the flap of the envelope placed on top of it. In this way the gummed surfaces of several dozen en-

velopes may be exposed at a time. A moistened sponge brushed gently over this surface will sufficiently dampen the gum to allow the envelope to be sealed. This process is much quicker than to moisten each flap individually, and it applies the moisture uniformly on all the envelopes.

To save time in sealing these flaps, a small clothes wringer may be used to advantage. The machine may be easily attached to the edge of a table or desk. By passing the envelopes with the moistened flaps through this machine several hundred envelopes an hour may be evenly and securely sealed.

Subscription List.—Publishers of daily and weekly papers should have one system for keeping track of subscribers who receive their paper by mail, and one which makes each account directly accessible to any employe of the office, whether he keeps circulation books or not. Subscribers are likely to call for a statement of account at any time and the circulation clerk is liable to be out, or otherwise engaged.

When an order is received it should be made out on a card and sent to the mailing room for the name and address to be set in type on the mailing list. The card should at once be returned to the office, together with a copy of the mailing list. A clerk should check the list against the card to avoid error.

When a subscriber pays any amount on his subscription, it should be posted on the card and the correct date of expiration immediately placed on the mailing list.

To insure against errors and annoyances the mailing list should be checked with the card every time a payment is made.

Circularizing.—Many firms use the Blue Book of large cities in their circularizing work. Sometimes it is necessary to issue letters and announcements quickly from a Blue Book list. If only one book of a city is owned, only one addresser can be employed on the list at a time.

As a book is somewhat expensive, and as the list is

only used a few times each year, a small concern is not prepared to purchase five or ten copies simply for emergencies.

Though a firm has only one Chicago Blue Book, yet it can put ten or twenty addressers to work at it. The binding is removed and the "loose-leaf" man punches holes through the margin of the book and fits it in a loose-leaf cover. When the rush hour comes and the envelopes are wanted quickly, the book may be divided into as many parts as is required, and, with rings to hold each section together, the work proceeds. When the addressing is concluded, the parts of the book are brought together again and put into their proper places, and the book is complete.

This same short cut may be made with telephone subscribers' books and other lists of this class.—*Alex. M. Damon.*

Circularizing.—The knowledge that each customer received the circulars each month without going to the expense of paying duplicate postage is easily secured by the following system:

Arrange the name and address of each customer on the ledger on an addressing machine list, in the same order as the accounts are arranged in the books. Each month let the office boy address a set of envelopes to all of these names. He can also print these same names and addresses, together with the date on the statements, thus leaving the bookkeeper nothing to do but put in the items and amount due. To avoid waste, the first time the list is printed a statement is headed for all. Those that were not used at that time, because some accounts were inactive or had discounted their bill, would remain over and be used the next time when no statement would be headed for these. Thus a statement is always on hand for every account. The bookkeeper would use all the envelopes addressed to those who were entitled to a statement, and those remaining would be handed to the credit man for his inspection, showing him who had not made any purchase during the month. A mark on the envelope by the

bookkeeper would indicate those who had discounted their bill

A circular should be enclosed in each of the envelopes. This, too, can be done by a boy or girl in the office. By this method every one on the list receives the mail advertising regularly, and, as the postage must be paid on the statement anyway, additional postage is paid only to the amount of those who would receive no circular because they were not to have a statement.
—*E. D. Dorsey.*

Filing Correspondence.—For a man's personal correspondence there is nothing equal to the vertical filing system.

A folder is used for each regular correspondent, and in this folder is filed all of the correspondence, including the carbon copies of your replies. Then when one wishes to refer to any letter he has all correspondence before him.

These folders are filed on edge in vertical file drawers, and may be arranged alphabetically or numerically. The alphabetical arrangement is best suited for a small volume of correspondence.

In many cases the correspondence is of such a nature that it will be more often referred to by subject than by the names of the correspondents. In such cases the correspondence is indexed by subjects. A guide card is used for each general subject and the folders containing correspondence relating to that general subject are arranged in front of that guide. A separate folder, appropriately labeled, is used for each subhead of the subject. A card system is used to cross-index this correspondence by names of the individuals. A card is used for each individual and on this are noted the dates of letters and the subject under which it is filed.

One drawer of a vertical file furnishes sufficient capacity for the ordinary personal correspondence. It has a capacity equal to from eight to ten flat sheet files. The advantage is that you have all of the correspondence for a long period in one place, instead of scattered through numerous transfer cases.—*G. B. James.*

Working by Schedule.—To direct one's business from a central point is the first step to success. Many brilliant men, blessed with almost unlimited energy, fail in life's battle because they know little of system, and practice even less.

There are various ways in which this schedule can be arranged, but a card schedule, arranged somewhat like the following, will be found, perhaps, for every business the most convenient and useful.

First, have a card for the morning's work, and list thereon the routine common to every working morning of the year. In the hour column enter the time at which the duty is to be performed, and in the item column enter the duty. The afternoon's work should be listed in a similar manner on a similar card.

Then, as there are many duties to be performed but once or several times a week, have a card for every working day of the week and list on each the particular work for that day.

A monthly set of cards, similar to the weekly set, will also be found useful on which to list duties to be performed but once or several times a year. The card schedule ideas may be so carried out as to include all the regular details of any business or branch of business, whether small or large.

By beginning the day's work with schedule at hand and working thereby throughout the day, a card schedule as a central point from which to direct one's affairs will prove a blessing to any business man by relieving him of much needless mental strain, and by avoiding many an embarrassment that often occurs simply because one has forgotten.

Invoice Filing.—Generally speaking, all that is said in favor of vertical files for letters is also true in regard to the invoices of purchases.

In the majority of cases the alphabetical system will be found most suitable; it is simple and self-indexing. The divisions into which the alphabet should be divided must be regulated by the number of invoices to be handled.

The elasticity of a vertical file permits all invoices

from any firm to be filed in one place in chronological order. This is a point that is too apparently desirable to need further comment.

The numerical system possesses certain advantages which should not be overlooked. It admits subdivisions to be made to correspond to certain ledger accounts. For instance, in the case of a manufacturing concern, sections of the file may be allotted to invoices for such items as General Expense, Manufacturing Material, Extensions to Plant, Repairs and Renewals. Each section should have its number and set of alphabetical guides, so that with the use of a suitable index for the names of firms, reference can be made immediately to any invoice. The Voucher Record index may be used in some cases for this purpose. However, if the invoices have to be frequently referred to, and this index is not one which admits of names being readily found, it is obviously advantageous to use a separate card index.

When the voucher system is used, invoices and credits relating to each voucher should be fastened together. A stapling machine is useful for this purpose. In cases where invoices on a voucher relate to more than one ledger account (if the plan outlined above be followed), they should be separated and filed in their respective divisions. This fact must, of course, be noted in the index.—*Wm. A. Ingram.*



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STAMPED BELOW

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WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

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MAR 17 1948

6 Jan '56 ED

DEC 19 1955 LD

18 Jun '56 PX

JUN 21 1956 LD

10 Jan '56

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DEC 19 1961

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